DOCUMENT RESUME

ED 287 027 CE 048 475

TITLE	Success of Public/Private Ventures in Employment and Training. Hearing before the Subcommittee on Employment Opportunities of the Committee on Education and Labor. House of Representatives, Ninety-Ninth Congress, Second Session.
INSTITUTION	Congress of the U.S., Washington, D.C. House Committee on Education and Labor.
PUB DATE	5 Sep 86
NOTE	97p.; Serial No. 99-136.
AVAILABLE FROM	Superintendent of Documents, Congressional Sales Office, U.S. Government Printing Office, Washington, DC 20402. Portions of document contain small print.
PUB TYPE	Legal/Legislative/Regulatory Materials (090)
EDRS PRICE	MF01/PC04 Plus Postage.
DESCRIPTORS	*Business; Cooperation; *Cooperative Programs; *Corporate Support; *Employment Problems; Federal Legislation; *Federal Programs; Hearings; *Job Training; Retraining; Skill Obsolescence
IDENTIFIERS	Congress 99th; Job Training Partnership Act 1982

ABSTRACT

This document contains the text of a congressional hearing focusing on successful private and public ventures in job training efforts. The purpose was to learn how to expand or extend programs in the private sector that provide job training to underskilled and undereducated workers in conjunction with the public sector. The bulk of the document consists of testimony presented by individuals representing the National Federation of Independent Business; Employment and Training Administration, U.S. Department of Labor; National Urban League; Marriott Corporation; Northrop Corporation; Los Angeles Private Industry Council; California State Employment and Training Panel; National Commission for Employment Policy; and International Business Machines Corporation. Prepared statements, letters, and supplemental materials provided from individuals representing the same organizations and agencies are also included. (YLB)

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SUCCESS OF PUBLIC/PRIVATE VENTURES IN EMPLOYMENT AND TRAINING

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HEARING

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

HEARING HELD IN WASHINGTON, DC, SEPTEMBER 5, 1986

Serial No. 99-136

Printed for the use of the Committee on Education and Labor

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SUCCESS OF PUBLIC/PRIVATE VENTURES IN EMPLOYMENT AND TRAINING

FRIDAY, SEPTEMBER 5, 1986

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES,
COMMITTEE ON EDUCATION AND LABOR,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:55 a.m., in room 8544, Federal Building, 300 North Los Angeles Street, Los Angeles, CA., Hon. Matthew G. Martinez presiding.

Members present: Representatives Martinez, Hayes, and Dymally.

Staff present: Eric Jensen, staff director; Bruce Packard, legislative assistant; Mary Gardner, minority staff assistant.

Mr. MARTINEZ. I want to apologize for the late start. We have just been joined by Mr. Hayes from Chicago. It seems though Mary Gardner is going to stake the claim for being late. Thank you, Mary.

I am going to call this meeting to order now and we will get started. First of all, I would like to make an opening statement.

This hearing today of the Employment Opportunities Subcommittee is called to focus on successful private and public ventures in job training efforts. In receiving testimony on these successful programs we hope to enlighten ourselves and possibly others on how we might best be able to expand or extend these programs in order to better serve a growing need.

Along with the development of high-technology industries and the apparent demise of basic industries we see a growing demand for people who are better trained and better educated. With a sudden awareness that many of our youths and especially our older workers laid off from failing industries are lacking basic and remedial skills, this subcommittee is committed to examining all the potential avenues for easing the problems of unemployment and under employment.

In order to fully harness the human capital resources at our disposal, we must squarely confront the reality that, as our Nation becomes more technology oriented and as we move further away from a basic manufacturing economy into a service oriented economy, there is a vast segment of our society which is rapidly being left behind in regard to job and literacy skills. In order to ensure that all individuals are given the opportunity to work and thereby reduce dependency on our welfare system, we need to make sure that related initiatives and programs are adequately directed at en-

hancing the ability of these workers to find meaningful, and I mean meaningful, jobs in our community.

Today, we will be looking at a very important part of that picture, the successful role of private sector initiatives in providing job training to underskilled and undereducated workers in conjunction with the public sector. As we are all aware, in this time of fiscal austerity, the Federal commitment toward the use of public dollars for establishing a comprehensive and full training program is diminishing. The Job Training Partnership Act, for example, is funded at a level that is barely able to meet the needs of a mere 3 percent of the eligible population.

Therefore, following a concept established by the JTPA Program, the Nation must look more and more to the private sector for resources and training programs. It is hoped that by harnessing the creative capacities and willingness of the private sector, we in the public sector can find the dynamic cooperation and joint efforts necessary to reach full employment in our Nation. The achievement of this goal will surely benefit not only the worker and the employer, but certainly all of us as we seek to obtain our economic goal.

With that, I would like to turn to our first panel which consists for Mr. Don Balcer, regional administrator, Employment and Training Administration, U.S. Department of Labor.

Is Jerry Naylor here? Jerry, would you come up to the table here. And joining Jerry Naylor, who is a commissioner for the National Commission for Employment Policy, is Mr. Steve Duscha, executive director, California State employment and training panel.

First, before I take your testimony I would like to turn to my colleagues Merv Dymally and Charlie Hayes, starting with Charlie Hayes. Do you have an opening statement you would like to make?

Mr. HAYES. The only opening statement I could have would be one of apology for being late. That is all.

Mr. MARTINEZ. Mr. Dymally.

Mr. DYMALLY. Ditto.

Mr. MARTINEZ. Very good. Thank you both for being here. With that we will turn to Mr. Balcer. Would you like to begin?

STATEMENT OF DON BALCER, REGIONAL ADMINISTRATOR, EMPLOYMENT AND TRAINING ADMINISTRATION, U.S. DEPARTMENT OF LABOR

Mr. BALCER. Thank you for the opportunity to testify before your committee again. On this particular testimony I am going to try to limit my remarks to how JTPA is working with the women, the female population in California and the programs in California.

It is the women in the labor force, in the United States, that has been greatly expanding in the last two decades. It is estimated that since 1979 75 percent of the employment increases in the United States have been that of women. Women have expanded their job opportunities beyond the traditional jobs held by women in the past and now are entering not only the nontraditional jobs, but also a move into the ranks of entrepreneurs. Currently, women own 25 percent of all the small businesses in the United States. In

addition to this, the women are becoming more educated and, thus, are more likely to continue work after the birth of their children.

The following is some demographic information on California, how the women impact the labor force and the economy. In the population 16 years and over in California, there are 20,015,000 people and 51 percent of those are female. The labor force, those who are employed and unemployed, 13,498,000 are in that area and 5,811,000 of this number are women which constitutes 56 percent of all female population 16 years and above in the State of Nevada. On the down side of the economic picture is approximately 17.6 percent of all women residing in California are economically disadvantaged. This number of 17.6 percent equals 58.6 percent of all the disadvantaged population in the State of California.

Within the Los Angeles/Long Beach metropolitan area there are approximately 6,550,000 individuals, 16 years and over, with once again females representing approximately 51 percent. The participation in the labor force in the metropolitan area for women in the Los Angeles basin area is exactly the same as that of the State as whole with about 19 percent of all women in the metropolitan area being disadvantaged which constitutes 58 percent of the disadvantaged population within the metropolitan area.

During the last program year, this was from July 1, 1985, through June 30, 1986, JTPA Program within the State of California served 75,647 female participants. This was 49.8 percent of the total persons served under JTPA in California. Of the 30,158 female participants who were terminated from JTPA 60.1 percent entered employment. The figures in the Los Angeles/Long Beach metropolitan area, JTPA served approximately 8,560 of which 50.7 percent were female.

Before preparing for this testimony, I had my staff in San Francisco do a very brief survey of some of the service delivery area within California to see if they had developed or were developing special projects for the disadvantaged female population in California. I will briefly describe six programs that are currently in operation or have operated within the boundaries of California this past year and this current year.

The first project is Contra Costa County which is Project Self Sufficiency. This program is a Program Year 1986 project which is to take unemployed female welfare recipients who have special problems and who are not normally served by JTPA to try to give them enough support services to bring them up to the levels so they could enter into some type of skilled training. This project is linked with the community development department, the housing authority and the housing authority hopes to put in approximately $1 million over the next 5 years.

Contra Costa County has also operated a nontraditional project for women this last year. This was to test out a program and techniques to get more women into nontraditional jobs. The project was specifically designed not for the women to get into jobs, but for potential employers to make them more aware of what women can do in these jobs and to make them more readily hire these types of people.

San Diego has a remedial learning center for Gain-eligible people. Gain is a new welfare reform that is in the State of Califor-

nia. This Program Year 1986 project is to demonstrate and to test the learning center's approach to individual instruction and nontraditional matter and to develop performance standards. About 90 percent of the referrals will be welfare recipients who are female and who need remedial education before they take skill training. The overall objective of the program is to raise the basic skill competency so the participants can obtain high school diplomas or GED. There is close coordination with the local school board and the school districts and the JTPA office there. The participants will receive child care while in training and the PIC will provide transportation.

Mendocino County has a program called Bright Center. This Program Year 1985 project for welfare recipients has helped overcome the multiple barriers of employment. These women faced a range of barriers from drug abuse to family disintegration, and they need supportive services such as English as a second language, basic education and counseling. This is being linked with 10 other agencies within the area. The services at the Bright Center, staff will make contributions for the better employment of these women.

San Francisco forward and onward project, 1986 project, will provide the basic skills for single female mothers ages 17 through 28. These females that are going to enter into this program have limited education abilities and will be functioning between the fourth and the ninth grade. The program is designed to improve the literacy skills and will have extensive counseling, financial planning, job placements and other activities will be an integral part of the project. Trainees will receive a stipend pay from foundation and corporate funds.

The Long Beach, the Los Angeles/Long Beach dislocated worker project. This 1985 project was primarily established to help dislocated workers as a result of the Starkist plant closing. Most of the displaced workers were Hispanic females with limited education and limited English speaking ability. These displaced workers had special problems in trying to secure employment such as unrealistic salary expectations, fear of traveling far from home to work, lack of education, limited English speaking ability and wanting to remain with their coworkers. Many of these women were successfully retained in new occupations, but many had such severe barriers to overcome that employment was not possible. The PIC was responsible for the involvement in the design and the overall approval of this program.

The San Joaquin AFDC Transition to Employment Program. The purpose of this 1986 program is to teach skills required to maintain a job and to overcome the obstacles that have tended to reduce job retention. The locally conducted survey determined that the women need more than just job skills training. Besides being poor they face multiple barriers of employment such as low self-esteem, limited English speaking ability, health and nutritional problems, and difficulties associated with being a single parent.

The prerequisites for enrollment in this project is that they have to be concurrently enrolled in a title II-A occupational training under JTPA. Services such as counseling, transportation, on site child support are provided. One unique aspect of this program is that the mother and the children will have dinner provided by

their sponsor each week which guest speakers will come and the topics will range from bargain shopping, child abuse, appearance, nutrition and other activities that would lead to a successful life and the employment.

These projects are very, very limited in scope. I am sure that if we had the opportunity to survey all the SDA's, there are many other aspects in California that are running unique programs to serve the clientele who are in severe need of support services for training in the State of California. I think that we have had a very successful entree into JTPA and hopefully with further cooperation, coordination with JTPA local officials and the operators of the programs we can design, develop, and operate more successful programs.

Thank you, Mr. Chairman.

Mr. MARTINEZ. Thank you, Mr. Balcer.

[The prepared statement of Don Balcer follows:]

PREPARED STATEMENT OF DON BALCER, REGIONAL ADMINISTRATOR, EMPLOYMENT AND TRAINING ADMINISTRATION, DEPARTMENT OF LABOR

-1-

THANK YOU FOR THE OPPORTUNITY TO TESTIFY BEFORE YOUR COMMITTEE AGAIN. I WILL LIMIT MY COMMENTS TO WOMEN'S TREMENDOUS IMPACT ON THE ECONOMY AND PARTICIPATION IN JTPA. VARIOUS ECONOMISTS HAVE DEVOTED A GREAT DEAL OF TIME TO EXAMINING THE EVER GROWING ROLE OF WOMEN IN THE LABOR FORCE. IT IS ESTIMATED THAT SINCE 1979, WOMEN HAVE ACCOUNTED FOR 73% OF THE EMPLOYMENT INCREASE IN THE U.S. THE EMPLOYMENT OF WOMEN HAS GREATLY EXPANDED BEYOND THE NARROW RANGE OF JOBS THAT WERE TRADITIONALLY HELD BY WOMEN. BESIDES WOMEN ENTERING INTO NON-TRADITIONAL JOBS, WOMEN ARE NOW MOVING INTO THE RANKS OF ENTREPRENEURS. CURRENTLY, WOMEN OWN 25% OF ALL AMERICAN SMALL BUSINESSES. IN ADDITION, WOMEN ARE BECOMING MORE EDUCATED AND ARE MORE LIKELY TO CONTINUE TO WORK AFTER THE BIRTH OF THEIR CHILDREN.

THE FOLLOWING IS SOME DEMOGRAPHIC INFORMATION FOR CALIFORNIA TO DEMONSTRATE THE IMPACT WOMEN HAVE ON THE LOCAL ECONOMY: CALIFORNIA HAS A POPULATION OF PERSONS 16 YEARS OF AGE OR MORE; 20,015,000 OF WHICH 51% OR 10,279,000 ARE WOMEN. THE LABOR FORCE, PERSONS EMPLOYED AND UNEMPLOYED, IS 13,498,000 WITH 5,811,000 WOMEN WHICH CONSTITUTES 56.5% OF THE FEMALE POPULATION 16 YEARS AND OVER. APPROXIMATELY 17.6% OF ALL WOMEN RESIDING IN CALIFORNIA ARE ECONOMICALLY DISADVANTAGED WHICH EQUALS 58.6% OF THE TOTAL DISADVANTAGED POPULATION IN THE STATE.

MORE SPECIFICALLY, IN THE LOS ANGELES/LONG BEACH METROPOLITAN AREA THERE ARE APPROXIMATELY 6,550,000 INDIVIDUALS, 16 YEARS OR MORE, WITH 51% OF THOSE FEMALE. THE PARTICIPATION OF WOMEN IN THE LOS ANGELES METROPOLITAN AREA PARALLELS THAT OF CALIFORNIA ON THE WHOLE. 19% OF ALL WOMEN IN THE METROPOLITAN AREA ARE DISADVANTAGED WHICH CONSTITUTES 58% OF THE DISADVANTAGED POPULATION.

DURING JULY 1, 1985, THRU JUNE 30, 1986, THE JTPA PROGRAM THROUGHOUT THE STATE SERVED 75,647 PARTICIPANTS WHO WERE FEMALE. THIS IS 49.8% OF THE TOTAL PERSONS SERVED. OF THE 30,158 FEMALE PARTICIPANTS WHO WERE TERMINATED FROM JTPA, 60.1% ENTERED EMPLOYMENT. IN THE LOS ANGELES/ LONG BEACH METROPOLITAN AREA, JTPA SERVED 8,560 OR 50.7% FEMALE.

IN PREPARING TO TESTIFY BEFORE THIS COMMITTEE, WE MADE A LIMITED SURVEY OF THE SERVICE DELIVERY AREAS IN CALIFORNIA TO DETERMINE IF THEY WERE OPERATING ANY SPECIAL PROGRAMS FOR WOMEN IN POVERTY IN CALIFORNIA. WE COMPLETED SURVEY QUESTIONNAIRES ON SEVEN PROJECTS WHICH I WILL BRIEFLY DESCRIBE. WE ARE EXPECTING RESULTS FROM SIX OR SO RESPONSES TO OUR QUESTIONNAIRE WITHIN THE NEXT COUPLE OF WEEKS.

CONTRA COSTA PROJECT #1: PROJECT SELF SUFFICIENCY--THIS PROGRAM YEAR 1986 PROJECT PLANS TO TAKE UNEMPLOYED FEMALE WELFARE RECIPIENTS WHO HAVE SPECIAL PROBLEMS AND ARE NOT NORMALLY SERVED BY JTPA AND BRING THEM TO THE LEVEL WHERE THEY CAN BE TRAINED FOR JOBS. THE PARTICIPANTS WILL BE PROVIDED SUPPORT GROUPS FOR A YEAR OF ASSESSMENT AND ORIENTATION. THIS PROJECT IS TO LINK WITH THE COMMUNITY DEVELOPMENT

DEPARTMENT AND THE HOUSING AUTHORITY WHICH WILL PUT IN APPROXIMATELY $1 MILLION OVER THE NEXT FIVE YEARS. THE PRIVATE INDUSTRY COUNCIL WAS INSTRUMENTAL IN DEVELOPING THIS PROJECT WITH VARIOUS WOMEN'S GROUPS.

CONTRA COSTA PROJECT #2: NON-TRADITIONAL PROJECT--THIS PROGRAM YEAR 1985 PROJECT TESTED OUTREACH AND ASSESSMENT TECHNIQUES THAT WERE DESIGNED TO GET MORE FEMALE APPLICANTS INTO JTPA TRAINING FOR NON-TRADITIONAL JOBS. THE CONTRACT PERIOD FOR THIS PROGRAM WAS FROM OCTOBER 1, 1985, TO JUNE 30, 1986. THIS PROJECT WAS DESIGNED TO INCREASE THE AWARENESS OF PROGRAM OPERATORS, THE PIC AND THE GENERAL PUBLIC OF THE NEED FOR NON-TRADITIONAL TRAINING.

SAN DIEGO: REMEDIATION/LEARNING CENTER FOR GAIN ELIGIBLE--THIS PROGRAM YEAR 1986 DEMONSTRATION PROJECT IS TO TEST THE LEARNING CENTER'S APPROACH TO INDIVIDUAL INSTRUCTIONS IN A NON-TRADITIONAL MANNER AND DEVELOP PERFORMANCE STANDARDS. ABOUT 90% OF THE REFERRALS FROM WELFARE WILL BE FEMALES WHO NEED REMEDIAL EDUCATION BEFORE THEY CAN TAKE PART IN SKILL TRAINING. THEY PLAN TO SERVE APPROXIMATELY 300 INDIVIDUALS. THE OVERALL OBJECTIVE OF THE PROGRAM IS TO RAISE THE BASIC SKILL COMPETENCY SO THAT PARTICIPANTS CAN OBTAIN HIGH SCHOOL DIPLOMAS OR GED'S. THERE IS CLOSE COORDINATION IN THIS PROJECT WITH COUNTY WELFARE, TWO LOCAL SCHOOL DISTRICTS AND THE JTPA OFFICE. THE PARTICIPANTS WILL RECEIVE CHILD CARE WHILE IN TRAINING AND THE PIC WILL PROVIDE TRANSPORTATION.

MENDOCINO COUNTY: BRIGHT CENTER--THIS PROGRAM YEAR 1985 PROJECT FOR AFDC WOMEN WAS TO HELP OVERCOME THE MULTIPLE BARRIERS TO EMPLOYMENT. THE PROBLEMS WOMEN FACE RANGE FROM DRUG ABUSE TO FAMILY DISINTEGRATION. THE PROGRAM INCLUDES SUPPORTIVE SERVICES SUCH AS ENGLISH AS A SECOND LANGUAGE, BASIC EDUCATION AND COUNSELING. THIS PROJECT FOSTERED LINKAGES WITH OVER TEN AGENCIES. THE SERVICES OFFERED BY THE BRIGHT CENTER STAFF WERE WELL RECEIVED AND WILL MAKE A CONTRIBUTION TO THE EMPLOYMENT OF THESE WOMEN.

SAN FRANCISCO: FORWARD AND ONWARD--THIS PROGRAM YEAR 1986 PROJECT WILL PROVIDE BASIC SKILL INSTRUCTION FOR SINGLE WELFARE MOTHERS AGES 17-28 WITH EDUCATIONAL ABILITIES AT THE FOURTH TO THE NINTH GRADE LEVELS. INSTRUCTION IS DESIGNED TO IMPROVE LITERACY SKILLS AND EXTENSIVE COUNSELING, FINANCIAL PLANNING AND JOB PLACEMENT WILL BE AN INTEGRAL PART OF THE PROJECT. TRAINEES WILL RECEIVE STIPENDS PAID FROM FOUNDATION AND CORPORATE GRANTS.

LONG BEACH: LOS ANGELES HARBOR/LONG BEACH DISLOCATED WORKER PROJECT--THIS PROGRAM YEAR 1985 PROJECT WAS PRIMARILY ESTABLISHED TO HELP DISLOCATED WORKERS AS A RESULT OF THE STARKIST PLANT CLOSING. MOST OF THE DISPLACED WORKERS WERE HISPANIC FEMALES WITH LIMITED EDUCATION AND ENGLISH SPEAKING ABILITY. THESE DISPLACED WORKERS FACED SPECIAL PROBLEMS, I.E.; UNREALISTIC SALARY EXPECTATIONS, FEAR OF TRAVELING FROM

HOME TO WORK, LACK OF EDUCATION, LIMITED ENGLISH SPEAKING ABILITY AND WANTED TO REMAIN WITH THEIR COWORKERS. MANY OF THE WOMEN WERE SUCCESSFULLY RETRAINED FOR NEW OCCUPATIONS BUT SOME HAD SUCH SEVERE BARRIERS TO OVERCOME THAT REEMPLOYMENT WAS NOT POSSIBLE. THE PIC WAS INVOLVED IN THE DESIGN, OVERSIGHT AND APPROVAL OF THIS PROGRAM.

SAN JOAQUIN: AFDC TRANSITION TO EMPLOYMENT PROGRAM--THE PURPOSE OF THIS PROGRAM YEAR 1986 PROJECT IS TO TEACH THE SKILLS REQUIRED TO MAINTAIN A JOB SUCCESSFULLY AND TO OVERCOME THE OBSTACLES THAT MIGHT REDUCE JOB RETENTION. A LOCALLY CONDUCTED SURVEY DETERMINED THAT THESE WOMEN NEED MORE THAN JUST JOB SKILLS TRAINING. BESIDES BEING POOR, THEY FACE A MULTITUDE OF BARRIERS TO EMPLOYMENT SUCH AS LOW SELF-ESTEEM, LIMITED ENGLISH SPEAKING ABILITY, HEALTH AND NUTRITION PROBLEMS, AND DIFFICULTIES ASSOCIATED WITH BEING A SINGLE PARENT. A PREREQUISITE TO ENROLLMENT IN THIS PROJECT WAS THAT THEY HAD TO BE CONCURRENTLY ENROLLED IN A TITLE II-A OCCUPATIONAL TRAINING COURSE. SERVICES SUCH AS COUNSELING, TRANSPORTATION, AND ONSITE CHILD SUPPORT ARE TO BE PROVIDED. ONE UNIQUE ASPECT OF THE PROGRAM WILL BE THE DINNER FOR THE MOTHER AND CHILDREN ONE NIGHT EACH WEEK IN WHICH GUEST SPEAKERS WILL DISCUSS A RANGE OF TOPICS SUCH AS BARGAIN SHOPPING, CHILD ABUSE, APPEARANCE, NUTRITION, CAR MAINTENANCE, ETC.

THIS VERY LIMITED LIST OF SPECIAL PROJECTS IS JUST TO ILLUSTRATE THE VARIETY AND COMPLEXITIES OF PROGRAMS CURRENTLY BEING CONDUCTED UNDER JTPA BY THE PIC'S AND THE SDA'S IN CALIFORNIA. IF TIME WERE AVAILABLE, I AM POSITIVE THAT IF WE WERE TO VISIT ALL 51 SERVICE DELIVERY AREAS IN CALIFORNIA, WE WOULD BE ABLE TO OBSERVE UNIQUE AND INNOVATIVE PROJECTS THAT ATTEMPT TO MEET THE NEEDS OF THIS VERY SPECIAL CLIENT GROUP.

THANK YOU FOR THE OPPORTUNITY TO PRESENT THESE EXAMPLES TO YOUR COMMITTEE.

Notes on Womens Labor Force Status and Service Levels
State of California and L.A.-Long Beach MSA

California--Population, Labor Force, and Economic Data: 1/

The population of 16 or more years of age is 20,015,000.

- 10,279,000 persons or 51.4 percent of the population is female.

The labor force (persons employed or unemployed) is 13,498,000.

- 5,811,000 women are in the labor force--56.5 percent of the female population over 16--comprise 43.1 percent of the total State labor force
- 7.9 percent of women in the labor force are unemployed.

The economically disadvantaged population is estimated at 3,092,000 or 15.5 percent of the State population.

- 17.6 percent of all women are economically disadvantaged.
- 58.6 percent of the disadvantaged population are women 16 or more years of age.

Los Angeles-Long Beach MSA--Population, Labor Force, and Economic Data: 1/

The population of persons 16 or more years of age is 6,550,000.

- 3,362,000 persons or 51.3 percent of the population is female.

The MSA labor force is 4,371,000 persons.

- 1,866,000 or 55.5 percent of women are in the labor force and comprise 42.7 percent of the total MSA labor force
- About 7 percent of women in the labor force are unemployed.
- 1,093,792 persons or 16.7 percent of the MSA population is economically disadvantaged--19 percent of all women are economically disadvantaged.
- 58.3 percent of the disadvantaged population are women 16 or more years of age.

Employment Services (EDD) to Women: 2/

In July 1986, 1,017,000 persons were unemployed in the State. Women comprised 44.8 percent of the unemployed (CPS estimates).

- During the period July 1, 1985, through June 30, 1986, 1,142,645 persons in the State applied for employment services through the Employment Development Department. Women comprised 40.2 percent of the applicants.

- During the same period, 590,420 applicants received services of which 37.6 percent were women.
- In July, 1986, 356,000 persons including 135,000 women were unemployed in the MSA. Women comprised 37.9 percent of the unemployed (CPS estimates).
- During the period July 1, 1985 - June 30, 1986, 277,720 persons in the MSA applied for employment services through the Employment Development Department. Women comprised 39.7 percent of the applicants.
- During the same period, 151,270 applicants received services of which 50.2 percent were women.

JTPA Enrollment and Outcomes by Women: 3/

At both the State and MSA levels, the incidence of women served by JTPA program was less than the incidence of women in the disadvantaged population.

- During the period July 1, 1985, through June 30, 1986, JTPA programs throughout the State served 75,674 participants or 49.8 percent were female.
- 30,158 female participants terminated from JTPA. 60.1 percent or 18,115 entered employment.

JTPA programs are administered in the Los Angeles-Long Beach MSA by eight Service Delivery Areas. 16,867 participants were served in the MSA during the Program Year. 8,560 or 50.7 percent were female.

- 8,500 female participants terminated from MSA JTPA programs. 69.1 percent entered employment.

1/ All data are for persons 16 years of age and over. Population, labor force, and unemployment data are derived from the BLS Current Population Survey for July 1986. Data for "economically disadvantaged" is estimated from the 1980 Census and produced by EDD. The incidence of disadvantaged persons, disadvantaged women, and participation status of women in the labor force varies, in general, by less than one percent and at the extreme, by 1.4 percent between State level and MSA data.

2/ Data compiled by EDD for the period 7/1/85 through 6/30/86. Economically disadvantaged data is not collected.

3/ Data compiled by EDD from annual SDA reports for the period 7/1/85 through 6/30/86. Over 90 percent of participants are economically disadvantaged. Data includes participants 14-15 years of age, which comprise approximately five percent of total participants.

Mr. MARTINEZ. Mr. Naylor. We have Mrs. McDonald's testimony in the record. Of course, you may summarize her testimony or give summaries of your perspective on this issue.

STATEMENT OF JERRY J. NAYLOR, COMMISSIONER, NATIONAL COMMISSION FOR EMPLOYMENT POLICY

Mr. NAYLOR. Mr. Chairman, members of the subcommittee, I am Jerry Naylor. I am the Commissioner of the National Commission for Employment Policy. I am also chairman of the National Job Training Partnership Act work group and my cochairman is Mr. Walt Birdie.

First of all, let me explain the apologies of Chairperson McDonald for not being here. She is out of the country but certainly sends her best.

I am delighted to be joining my fellow Californians here in the Golden State to discuss a topic that is close to my heart, the importance of improving the private sector in achieving the Nation's public goal in employment and training. From the outset, of course, let me say that we have to recognize that the private sector is, indeed, involved. In fact, looking at the overall picture nationally the private sector is by far the dominant factor in determining the nature of employment and working life in the United States.

As you know, the United States and as Americans we are very proud to have a unique situation among industrialized nations in its reliance upon the private sector or its definition of our most fundamental social arrangements. The private sector provides the vast majority of jobs, and the vigorous growth in the number of U.S. jobs is the envy of all of the Western allies. The private sector also provides most of our health, life, and disability insurance. It plays a very strong role in retirement, vacation, and training policies for the bulk of our population.

The National Commission for Employment Policy over a period of time had studied many European government policies designed to encourage private companies to enter the training business. Despite all those policies that were studied, those nations do not come close to the United States businesses commitment to training their own workers.

Given the fact that the private sector is so dominant in the world of American employment, what is the government role in this arena? Well, broadly speaking, government has had two key functions. That is to provide for basic education at the local and State level and to ensure equitable access to education, training and jobs for all segments of the population. We believe that additional private sector involvement can improve even more government's ability to fulfill both of these goals.

Because of the shortness of time, let me summarize our conclusions from the National Commission very briefly. The Commission's study on changes in the work place suggests that adults will change jobs more frequently in the future and can increasingly expect and need some form of training and retraining. Because of that expectation and because of the proportion of low skilled jobs because the proportions are declining, basic academic skills take on increasing importance for both adults and youths. People need the

basics of English comprehension, arithmetic to be trainable for most jobs.

We have focused a study, by the way, in hearings that we held in New York City in January. We found that by 1992 there will be more entry level jobs available than there are qualified trainable workers to fulfill those jobs. The National Alliance of Business, indeed, just put out a report which the Wall Street Journal covers as a front page story this week that probably today we have more jobs available than there are qualified people from a literacy standpoint to fill those jobs. And by the year 1992, increasing up to year 2000 it is going to be such a problem that many corporations, in many parts of the United States are considering importing qualified workers with basic skills to fill those. My friends, that is absolutely to me intolerable because of a literacy problem.

Public education of young people, particularly for young people at risk, of lifelong problems of employment can benefit greatly by local business education partnerships. A Commission-sponsored study of these partnerships between corporations and schools late in 1983 by Paul Barton listed nine typical partnership agreements and gave very useful examples for each. Barton warned against trying to standardize the healthy diversity of these business education partnerships. We concur with those recommendations.

For adults including young school dropouts, we have to recognize the pervasive problem of illiteracy and stop trying to pass the buck of that problem back to the education community or within that world from the secondary schools down to the elementary education area. Certainly they can be improved, but not all the blame goes there. This attention to basic skills for adults will be increasingly important whether the trainer is a major corporation or a public program for dislocated workers, for example.

Private/public partnerships can promote the sharing of the very best information on necessary job skills and effective training curriculums and techniques. Along those lines by the way, let me introduce to you and you have been sent to your offices, and our staff is ready to brief you, on a new study that we have. I will plug this very briefly, a Commission-sponsored report by the Manufacturing Study Board of the best ways for companies to introduce advanced technologies in the work place. And as I said, those copies are in your offices. Our staff stands ready to brief you any way that you find at your convenience.

Government intervention in employment and training is normally targeted to those who may need a second chance to compete successfully in the marketing economy. As this subcommittee directed in the legislation, the Commission has special responsibility to evaluate the Job Training Partnership Act. We will be reporting to the President and Congress on the effectiveness of JTPA later this year, but I think it is fair to say at this that the public/private partnership design at the heart of the local decisionmaking process in the JTPA is an overwhelming success.

As part of the Commission's consideration of JTPA, by the way, we held hearings here in Los Angeles in May of this year. We heard from Carl Herman, vice chairman of Los Angeles PIC, Robert Kuznick, chairman of Orange County PIC, and Harry Brockwell, chairman of Ventura County PIC. Their testimony was

enormously helpful at substantiating these claims. I am sure that they would join me in serving compliment to the subcommittee. You deserve this compliment of appreciation of the Nation for the role in defining the effectiveness, and this effective system in this program.

Our question that arose early in the implementation of JTPA was whether private industry council members who are after all volunteers with their own businesses, their own careers and their responsibilities, would continue to put in their time and effort required to make the councils work, or whether they would eventually quit.

A study by the National Alliance of Business and by the National Commission has found a turnover among business members of the PIC remains low. Finding replacements is certainly not difficult. The level of business involvement in the Private Industry Council has been sustained or increased over the last 2 years, and the Private Industry Council chairman said that they volunteered for a variety of reasons, but most remain involved in JTPA because they believed in that very public/private partnership.

Commission studies point to several other key findings about JTPA's public/private partnership. First, the Commission's own sponsored assessment of JTPA has found that marketing and public relations work for JTPA has been a major role assumed by Private Industry Councils and that the image, the overall image, of JTPA is a very positive one thanks to this effort.

Second, PIC's and JTPA emphasize the bottom-line performance. Where there is always room for improvement in the area of service and dropouts in particular, JTPA has built a remarkable record of achievement. It is a business—and, therefore, has genuine credibility in the employment, employer community.

Finally, PIC's can strengthen the partnership by helping to coordinate JTPA's resources with economic development, welfare assistance. The gentleman just mentioned, of course, the Workfare Gain Program in California, education and other community resources that fit within the goals of JTPA.

As a final note, I would like to address the private sector's role in attacking the problems of an important segment of the Nation's work force, that of the older workers. Again, let me plug one more publication of the commission, Older Worker Employment Comes of Age: Practice and Potential. Again, you Congressmen do have, or will have, a copy of that and we stand ready to have briefings with you at anytime at your convenience.

Upon conclusion, grossly oversimplified is this. Policies and practices that are successful are those that benefit both the worker and the company. Employers may consider policies like part-time work, timesharing, job design, pension, and retirement policy changes, retraining or active recruitment of older workers when business conditions suggest that those policies make sense. We do not recommend that every policy option be used in every community. What is important is that a local partnership recognize the mutual interest and tailor a responsible program for those local circumstances.

Mr. Chairman, let me simply conclude by saying that it is the genius of this country to have harnessed so much of the private individual industry and energy, and creatively for the public good.

The public/private partnership is, indeed, alive and well across America and I, for one, am confident that we can move together productively in the 21st century by building on that foundation of that private/public partnership.

Thank you.

Mr. MARTINEZ. Thank you, Mr. Naylor. Mr. Duscha.

[The prepared statement of Gertrude C. McDonald follows:]

PREPARED STATEMENT OF GERTRUDE C. MCDONALD, CHAIRMAN, NATIONAL COMMISSION FOR EMPLOYMENT POLICY

Mr. Chairman and Members of the Subcommittee, I am Trudy McDonald, chairman of the National Commission for Employment Policy. As you know, the Commission is an independent Federal agency authorized by the Job Training Partnership Act. The fifteen Commissioners -- all volunteers -- are appointed by the President and come from all walks of life. Their primary task is to advise the Congress and the President in the broad area of employment policy.

I am accompanied by Commissioner Jerry Naylor, a tremendously talented singer and entertainer and currently president of his own public relations consulting firm, the Jerry Naylor Company. One of his most recent projects is a video called "Make A Dream Happen," which points out how the Job Training Partnership Act and other job training programs can help people find jobs. The 20 minute version of that video has been shown in high schools throughout California, and an abbreviated version is now being shown on public television. Commissioner Naylor heads our Commission work group on JTPA.

I am delighted to be joining my fellow Californians here in the Golden State to discuss a topic that is close to my heart -- the importance of involving the private sector in achieving our Nation's public goals in employment and training.

From the outset, of course, we have to recognize that the private sector is involved. In fact, looking at the big picture, the private sector is by far the dominant actor in determining the nature of employment and working life in the United States.

As you know, the United States is unique among industrialized nations in its reliance upon the private sector for the definition of our most fundamental social arrangements. The private sector provides the vast majority of jobs -- and the vigorous growth in the number of U.S. jobs is the envy of our Western allies. The private sector also provides most of our health, life and disability insurance; it plays a very strong role in retirement, vacation, and training policy for the bulk of our population.

The Commission over time has studied many European government policies designed to encourage private companies to enter the training business. Despite all those policies, those nations do not come close to U.S. businesses' commitment to training their own workers. On August 5, the Wall Street Journal reported that:

> "The American Society for Training and Development estimates companies are spending an astounding $30 billion a year on formal courses and training programs for workers. And that's only the tip of the iceberg. The institute figures it costs companies a further $180 billion annually for such unstructured training as supervision and learning on the job."

Given the fact that the private sector is so dominant in the world of American employment, what is the government role in this arena? Broadly speaking, government has had two key functions: to provide for basic education at the local or state level and to ensure equitable access to education, training and jobs for all segments of the population.

We believe that private sector involvement can improve government's ability to fulfill both of those goals. Because of the shortness of time, let me summarize our conclusions very briefly:

Education

Commission studies of changes in the workplace brought about by increasing computerization and the internationalization of the economy suggest that adults will change jobs more frequently in the future and can increasingly expect to need some form of training or retraining.

Because of that expectation and because the proportion of low skill jobs is declining, basic academic skills take on increasing importance for both adults and youth. People need the basics of English comprehension and arithmetic to be "trainable" for most jobs.

Public education for young people, particularly for young people at risk of lifelong problems of employment, can benefit greatly by local business-education partnerships. In a Commission-sponsored study of "Partnerships Between Corporations and Schools" late in 1983, Paul Barton characterized these partnerships as follows:

- The "helping hand" of adopt-a-school programs, management advice, and joint funds for public education.
- Local collaborative councils' specially tailored problem-solving projects.
- School to work transition assistance programs.
- Cooperative education.
- Vocational education.
- Experience-based career education.
- Partnerships for economic development.
- Contracting out by education.
- Industry contracting with education.

Barton warned against trying to standardize the healthy diversity of these business-education partnerships. Instead, and the Commission concurs in this recommendation, we should foster information-sharing and networking among the various efforts underway and in development.

For adults, including young school dropouts, we have to recognize the pervasive problem of illiteracy and stop trying to pass the buck for that problem back to the education community or, within that world, from the secondary schools down to elementary education. According to the Wall Street Journal, the Work in America Institute reports that even "so-called functional illiterates can be taught to operate the latest technology by 'interweaving sharply defined basic skills training with technical skills training.'"

This attention to basic skills for adults will be increasingly important whether the trainer is a major corporation or a public program for dislocated workers, for example. Private-public partnerships can promote the sharing of the very best information on necessary job skills and effective teaching curricula and techniques.

Along those lines, by the way, I have to put in a plug for a brand new Commission-sponsored report by the Manufacturing Studies Board on the best ways for companies to introduce advanced technology in the workplace, Human Resource Practices for Implementing Advanced Manufacturing Technology.

Copies have already been sent to your offices, Congressmen, and we will be more than happy to arrange briefings for you and your staff at your convenience.

Employment and Training Programs

Government intervention in employment and training, through programs like the Job Training Partnership Act and Title V of the Older Americans Act, is normally targetted to those who may need a second chance to compete successfully in the market economy.

As this Subcommittee directed in the legislation, the Commission has special responsibilities to evaluate the Job Training Partnership Act. We have taken that responsibility seriously. We have funded a number of studies of JTPA; we have conducted in-house research; and we have held hearings and site visits across the country to take a look at the implementation of this landmark legislation.

We will be reporting to the President and Congress on the effectiveness of JTPA later this year, but I think it is fair for me to say now that the public-private partnership designed as the heart of the local decision-making process in JTPA is an overwhelming success. As part of the Commission's consideration of JTPA, by the way, we held hearings here in Los Angeles in May of this year. We heard from Carl Herman, Vice-Chairman of the Los Angeles PIC; Robert Kuznick, Chairman of the Orange County PIC; and Harry Brockwell, Chairman of the Ventura County PIC. Their testimony was enormously helpful in our deliberations. I am sure that they would join me in saying that this Subcommittee, Chairman Hawkins and Congressman Jeffords deserve the appreciation of the Nation for their role in designing an effective, efficient system.

One question that arose early in the implementation of JTPA was whether private industry council members -- who are, after all, volunteers with their own business and career responsibilities -- would continue to put in the time and effort required to make the councils work or whether they would eventually quit. A study by the National Alliance of Business, which has just published its report from its last round of interviews, found that:

- o the turnover among business members on the PIC remains low;
- o finding replacements is not difficult;
- o the level of business involvement in the PIC has been sustained or increased over the last two years; and
- o PIC chairmen say they volunteered for a variety of reasons, but that most remain involved in JTPA because they believe in the public-private partnership.

Certainly, that is a finding that should be applauded and that speaks very well for the future of JTPA. Commission studies point to several other key findings about JTPA's public-private partnership:

First, the Commission's own sponsored assessment of JTPA has found that marketing and public relations work for JTPA has been a major role assumed by private industry councils and that the image of JTPA is a very positive one, thanks to this effort. We recently received the draft final report from this assessment, and, although the staff is still reviewing it, you might be interested to learn that "the average number of performance standards achieved by those SDAs in which the PICs emphasized public relations was higher than the average for SDAs in which there was no such

emphasis..." So you see, aside from just publicizing JTPA as an important training resource, public relations can be a useful tool for ensuring the success of the program.

Second, PICs and JTPA itself emphasize the bottom line - performance. Where there is always room to improve, in the area of service to dropouts, in particular, JTPA has built a remarkable record of achievement. It is businesslike, and, therefore, has genuine credibility in the employer community.

Finally, PICs can strengthen the partnership by helping to coordinate JTPA resources with economic development, welfare assistance, education, and other community resources that fit in with the goals of JTPA. At our May hearings here in Los Angeles, we heard about programs that illustrate some possibilities. For example, we had the opportunity to learn more about California's GAIN Program, which we hope will bring about a closer working relationship between JTPA and the welfare system.

Economic development is a keen interest of many PICs. In May, we heard from Jack Stewart, the Secretary of Commerce for California, as well as State Senator Bill Campbell and Karen Smith, the director of the Women's Conference on Entrepreneurship. They were excited about the potential for economic development activities to lead to more jobs for JTPA graduates in California. When we visited Ventura County, the Commissioners heard much the same enthusiasm from the economic development director for the City of Oxnard. California is fortunate to have a relatively healthy and varied economy that will serve us well as we try to make JTPA continue to work effectively.

As I mentioned earlier in my testimony, education is another very important area for public-private partnerships as well as for coordination with JTPA. Certainly, we need to think about strengthening the ties that exist and are yet to be cultivated between education and JTPA.

The point is that no one part of the system has all the funds or all the wisdom or all the energy to solve the problems that exist. We must all work together; we must share our resources and ideas, and strive to make the partnership at the local level and between the state and our local communities strong and viable and something we can all be proud to be part of.

Older Workers

As a final note, I would like to address the private sector's role in attacking the problems of an important segment of the Nation's workforce -- the older worker. It has become a truism to say that the American workforce is aging, as the baby boom bulge moves into middle age. The proportion of workers over 55 will begin to grow soon after the turn of the century. This fact will have a profound impact on our Nation's future productivity.

Again, let me hold up a Commission publication, "Older Worker Employment Comes of Age: Practice and Potential." This is one of many products of a multi-year Commission project to examine the employment issues raised by the aging of the workforce. Our conclusion, grossly oversimplified, is this: policies and practices that are successful are those that benefit <u>both</u> the worker and the company. Employers may consider policies like part-time work, job sharing, job redesign, pension and retirement policy changes, retraining, or active recruitment of older workers <u>when business conditions suggest that those policies make sense.</u> Community organizations and state and local governments also have a role in

fostering better utilization of older workers. Each company, each public agency, each community can make certain adjustments on its own, but making major progress requires more broad-based, collaborative efforts.

We don't recommend that every policy option be used in every community. What is important is that a local partnership recognize their mutual interests and tailor a response to local circumstances.

Mr. Chairman, I understand that you will be hearing from representatives of particular programs later in this hearing, so I will have to restrain myself from trying to mention all of the inspiring examples of public-private cooperative problem-solving that the Commission has seen in our travels as part of our newly instituted Outreach program over the last year.

Let me simply conclude by saying that it is the genius of this country to have harnessed so much of private individuals' energy and creativity for the public good. That spirit is alive and well across America and I for one am confident that we can move together productively into the twenty-first century by building on the foundation of public-private partnership.

STATEMENT OF STEVE DUSCHA, EXECUTIVE DIRECTOR, CALIFORNIA STATE EMPLOYMENT AND TRAINING PANEL

Mr. DUSCHA. Thank you.

Mr. Chairman, members of the committee I am Steve Duscha, executive director of the State of California employment training panel, and I am here on behalf of that agency.

I would like to talk briefly about what the panel is. There is more detail in my statement which you can refer to, and I can answer question. Then I would like to talk about the perspective of the employment and training panel on the state of job training today, and the state of the public/private business labor government partnership that is the topic today. I think there is an evolution in that in the job training field and the panel is, perhaps, at a little different stage of that evolution looking at a little different part of the picture than some of the other groups you will hear from today.

The panel is, we believe, an example of an effective practical and we hope profitable partnership among business, government, and labor. The panel has a threefold statutory mandate for supporting job training that keeps people working while it stimulates business productivity, profitability and at the same time it strengthens the economy of the State. The strength of the economy is intertwined with the well-being of workers which is intertwined with the profitability, the well-being of business.

The bedrock upon which the panel's business-labor-government partnership rests is the hard economic reality, that the chairman described in his opening statement, that today faces all of us. It is not a partnership based upon charitable appeals to any group, it is a partnership based on a common interest in combating growing economic problems. Those are survival issues. Those are issues of trade, technology, deregulation, foreign and domestic competition, high unemployment, daily announcements of layoffs, even in these times that are suppose to be good, workers' very real fears that they will not have a job to go to tomorrow or a paycheck to support their families next week. These are the changes that are making working people the latest to be added to our list of the disadvantaged.

The economists say California is a lucky State. We are not on the list of those States that are in recession. We are not in as bad shape as the agricultural States of the Midwest or the oil States. But in supposedly flush times the State's biggest bank is rumored to be a takeover target because its losses are so huge. White-collar service sector layoffs are as common as blue-collar manufacturing layoffs. We are fighting to save southern California's last automobile assembly plant.

It is against that background the employment and training panel was created and the panel has been operating for the last 3 years. The panel is a council composed of seven business and labor people appointed by the Governor and leaders of the legislature to administer funds transferred from the State unemployment insurance system for job training. This year's training budget is nearly $90 million.

The panel contracts with employers and the schools to conduct training that puts the unemployed to work, or that prevents unemployment from occurring in the first place. The money comes from the UI system, so the people to be trained must be associated with that system. There are three categories: People who are unemployed and receiving unemployment insurance, people who are unemployed and have exhausted their unemployment within the last year or people who are employed, but likely to be laid off without retraining, likely to be laid off because of reductions in overall employment, because of changes in technology, changes in the job duties that they must perform in order to remain on the payroll.

Now, what makes the panel an example of a good partnership? What lessons can we offer? The first question I think I have already suggested an answer to. The underpinnings of a partnership for training, employment, economic development are, must be one in the same. A partnership based on such crucial economic issues cannot be viewed alone as a social method. An effective partnership must be profitable for each of the partners. That seems to be a very simple notion, but it is one that is often overlooked. It is a notion with far-reaching ramifications. Government cannot be afraid of helping workers, government cannot be afraid of helping business because one cannot be helped without assisting the other.

Better trained workers should earn more money for themselves. They should earn more money for their family and their employers. This cooperative relationship rather than our traditional adversarial relationship between the three parties is a lesson that I think we are beginning to borrow from the Japanese. I hope we are not too late.

The second foundation that we have found for an effective, profitable economic partnership for training is that training ought to be a meat and potatoes program which helps all parties improve their economic standing, not one based upon promises that cannot or will not be kept, or a program based upon appealing but not essential activity.

What this means for the panel is that the result of job training is a job at the end of the training. A decent job that is likely to be permanent, that pays a decent wage and that lasts at least as long as the standard 90-day probationary period that any employee has. The statute under which the employment and training panel operates provides that no funds can be spent until and unless training is completed, the trainee is hired in the job for which he or she was trained, that trainee was then retained on the job for at least 90 days.

As one of early contractors remarked, "Nice tries don't count." Nice tries do not count for the worker who has to support a family. Nice tries do not count for a business that needs skilled workers in order to compete. People and institutions react to economic incentives. If those incentives are linked to jobs, there is going to be more jobs at the end of job training.

Another reason that the panel is a good partnership is that it does not measure the strength and value of that partnership or training by counting the number of dollars spent for training. Money spent is a poor proxy for results derived. That is another

very simple notion that is very seldom practiced. And I might add, this is a problem not limited to the training business.

The employment training panel resolved in one of its first acts 3½ years ago that it would rather not spend money than spend it for any purpose other than putting people to work in jobs to strengthen business. This year the panel practiced that resolution by sponsoring legislation to return $20 million in unspent funds, available largely because our administrative costs were lower, to return those funds to the unemployment system.

That was a controversial step to take as far as the bureaucracy was concerned, where there is an unfortunate tradition of spending every last nickel because it is there, but it was a popular idea in the legislature. It was supported by business and labor, Republicans and Democrats, and it passed without a dissenting vote. That bill is now on the Governor's desk.

We fear that the argument that if the issues surrounding a training partnership are economic to the extent that I have described them, this is an economic bargain, why should government be involved at all? Why not let the free markets for labor be allowed to function. Training is necessary for business, then business ought to provide. If it benefits an individual, he or she should seek it out, pay for it. Why should government be a part of it?

The answer is that there are gaps in the free market and that government must act to fill them or they will not be filled at all. And the consequences of not filling these gaps, not moving to address these serious economic problems that have been referred to, I think they are quite serious. American Government as is pointed out by Mr. Naylor has a long accepted responsibility for creating, supporting a solid basic educational system that we view as a foundation of a free society. The Employment and Training Panel builds on that educational foundation and adds job specific vocational education for working people, a condition that has become critical we believe.

On the business side, American Government has also undertaken responsibility for maintaining a strong national economy, including tax fiscal monetary policies and at the local level on more narrow bread-and-butter issues affecting new and expanding businesses site selection, zoning, financing, and so forth.

The panel builds upon this commitment as well by providing economic incentives to business to conduct, invest in job training to improve workers' skills and business productivity. We will never compete in a world economy with dollar-a-day labor for cheap national resources. We will compete with training and education that make a smarter, more productive, more competitive work force.

There is another reason that we have seen quite clearly for Government leadership in training partnerships with business and labor. Despite what some of us in the training business may think, and I included myself in this category until recently, training turns out not to be the highest priority for most American businesses, large or small. Training is generally an activity which tends to get cut back where there is a squeeze on quarterly profits. In a forthcoming study, one researcher familiar with corporate training policies finds that most employers, as a matter of course, as a matter of policy, fire employees whose skills are no longer current and

hire new staff with requisite skills. The researcher finds that this fire/hire tradition is practiced without regard to the cost to the employer, or the employee, or to possibilities for retraining to prevent those layoffs. The employment training panel provides funds to tip the balance in favor of retraining.

Another lesson that we think is important about partnerships in job training is that central planning is not a very good idea for a lasting partnership. Central planning has had a pretty poor record in Communist and authoritarian countries. It is probably not a good idea to test and training either. In California, we have a variety of training programs to meet a variety of needs. We have different kinds of partnerships. That is pluralism, a market-style approach, different niches in a complex labor market, a complex economy. Individual employers themselves cannot predict with any certainty their own hiring needs even in the short run. How can government predict for them?

The employment training panel acts on the basis of market forces and is driven by employer demand for trained workers. Every training contract must specify who will hire the trainees, what they will do, and what the trainees will be paid after training. As I mentioned previously, the panel only pays if there are jobs.

We believe the panel has been a successful partnership by numerous measures. Thousands of newly trained workers are on the job, thousands of California businesses, large and small, have better trained workers, and the economy of the State is a little stronger, a little more productive, and a little better able to withstand competition.

[The prepared statement of Steve Duscha follows:]

TESTIMONY OF STEVE DUSCHA, EXECUTIVE DIRECTOR
CALIFORNIA EMPLOYMENT TRAINING PANEL
BEFORE THE SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES
SEPTEMBER 5, 1986

Mr. Chairman, Members of the Committee:

My name is Steve Duscha. I am the executive director of the State of California Employment Training Panel, and I am appearing on behalf of that agency.

The Employment Training Panel is an example of an effective, practical -- and we can certainly hope profitable -- partnership among business, labor and government. The Panel has the statutory mandate of supporting training that keeps working people working while it stimulates business productivity and profits at the same time it strengthens the economy of the state.

The strength of the state's economy is intertwined with the well-being of workers, which in turn is intertwined with the strength and profitability and competitiveness of business.

The bedrock upon which the Employment Training Panel's business-labor-government partnership rests is the hard economic reality that today faces workers, business, and society as a whole. It is not a partnership based upon appeals to any group's charitable instincts. It is a partnership based upon a common interest in combating growing economic problems.

The economy is changing and the Employment Training Panel has demonstrated that government can provide leadership in forging such partnerships to help us all through the changes wrought by technology, trade, deregulation, tougher foreign and domestic competition, stubbornly high unemployment rates, daily announcements of layoffs, and workers' real fears that they will not have a job to go to tomorrow or a paycheck to support their families.

The economists say California is one of those states that is not yet in a recession. They say we are lucky compared to the farm states, the oil states, and others.

But in these supposedly flush times California's biggest bank is rumored to be a takeover target because its losses are so huge. White-collar, service sector layoffs are as common as blue-collar, manufacturing layoffs. We are fighting to save Southern California's last automobile assembly plant.

It is against this background that the Employment Training Panel was created.

The Panel is composed of seven business and labor people appointed by the Governor and the leaders of the legislature to administer funds transferred

from the unemployment insurance system for job training. This year's budget for training is nearly $90 million. The Panel is authorized to contract with employers and schools to conduct training that puts the unemployed to work, or that prevents unemployment from occurring in the first place. Because the money comes from the unemployment insurance system, the persons trained must be unemployed and either receiving unemployment insurance benefits or have exhausted these benefits in the last year. Or trainees can be employed but likely to be displaced because of overall reductions in employment within a firm, closure of an office or a plant, or substantial changes in the job duties they must perform in order to remain on the payroll.

How does the Panel work?

The Panel retrains for workers and for business to:
1. Reduce the costs of unemployment.
2. Make business more productive.
3. Put people back to work.
4. Prevent unemployment.

The Panel contracts for three types of training:
1. Training new employees for employers who cannot otherwise find the skilled workers they need.
2. Training the first work force of a company locating or expanding in California.
3. Retraining existing employees to keep them working and prevent unemployment as employers and employees cope with changes in technology, job requirements, competitive forces, or other business conditions.

Panel trainees have a work history:
1. Trainees may be persons who are unemployed and receiving unemployment insurance benefits or have exhausted their unemployment insurance benefits within the previous 52 weeks.
2. Trainees may be employed but likely to be unemployed because of reductions in overall employment; elimination of a particular job or job classification; or substantial change in the skills required to remain employed due to changes in technology, job duties, or other business conditions.

Any for-profit California employer of any size may contract for training if that employer is:
1. Committed to training.
2. Wants to participate.

Training must be for stable, well-paying jobs to prevent future unemployment and reduce future costs of unemployment. Jobs must be:
1. Permanent.
2. In occupations in which long-term tenure and advancement are customary.
3. Pay at least $5.00 an hour in metropolitan areas.

Training may take place:
1. In a classroom.
2. In a laboratory or a simulated work setting.
3. On the job.
4. In any combination of the above.

The employer may choose to have the training conducted by:
1. The employer's own training department.
2. Line supervisors.
3. Training consultants selected by the employer.
4. Any public or private school.
5. Any combination of the above.

Employers (working in partnership with unions if there is an existing collective bargaining agreement) are in control of the training program. Employers:
1. Determine if training is needed.
2. Select the trainees.
3. Determine the curriculum or training plan.
4. Select the trainers.
5. Set the standards for successful completion of training.

The Employment Training Panel is an unusual government bureaucracy because:
1. Its small staff responds quickly to employer needs.
2. Contracts can be approved in as little as one month if necessary.
3. There are no forms to fill out.
4. Flexibility in meeting the needs of business and workers is paramount.
5. Payments are based on performance. A fee is paid for every person who is trained, hired in the job for which training was provided, and retained in that job for at least 90 days.

The Employment Training Panel is different from the federal Job Training Partnership Act because:
1. The Panel is a state program. JTPA is a federal program.
2. The Panel provides training for people with a history of working. JTPA is primarily for people who are entering the labor market for the first time.
3. Panel trainees are different and have different backgrounds and needs than JTPA trainees. The Panel supports training for a somewhat higher level of jobs than JTPA.
4. The Panel can fund only training. JTPA can fund a variety of other services as well, including counseling, assessment, and job search workshops.
5. The Panel has a simple performance contract. JTPA permits other types of funding.
6. The Panel allocates funds monthly. JTPA often requires adherence to a more limited cycle of funding.

What makes the Employment Training Panel a good partnership? And what lessons does the Panel have to offer others?

The answer to the first question I have already suggested. The underpinnings of a partnership for training, employment, and economic development are one and the same. A partnership based on such crucial economic issues cannot be viewed as a stopgap social measure. An effective partnership must be a profitable one for each of the partners. That seems to be a simple notion, but it is one that more often than not is overlooked. And it is a notion with far-reaching ramifications. Government cannot be afraid of helping workers and of helping business, because one cannot be helped without assisting the other. Better-trained workers should earn more money for themselves, for their families, and for their employers.

Second, an effective and profitable economic partnership for training ought to be a meat and potatoes program that helps all parties improve their economic standing, not a program based upon promises that cannot or will not be kept or a program based upon appealing, but not essential, activities.

What this means for the Employment Training Panel is that the result of job training is a job at the end of training, a job that lasts at least as long as a standard, 90-day probationary period. The statute under which the Panel operates requires that no funds be spent until and unless training is completed, the trainee is hired in the job for which he or she was trained, and then is retained on that job for at least 90 days. As one Panel contractor remarked, "Nice tries don't count." They don't count either for the worker who needs to support a family or for the employer who needs a skilled worker to improve his firm's productivity. People and institutions react to economic incentives. If those incentives are linked to jobs, there will be more jobs at the end of training.

Some will contest that if this is strictly an economic bargain, why should government be involved at all? Shouldn't the free markets for labor be allowed to function? After all, if training is necessary for business, then business will invest in training. If training benefits an individual, he or she should seek it out and pay for it. Why should government be a partner in such an endeavor?

The answer is that there are gaps in the free market that government must act to fill or they will not be filled at all. American government has long accepted responsibility for creating and supporting a solid, basic educational system that is the foundation of a free society. The Employment Training Panel builds on that educational foundation and adds job-specific vocational education for working people.

American government also has undertaken the responsibility for maintaining a strong national economy, including tax, fiscal, and monetary policies, and more narrow bread-and-butter issues affecting new and expanding businesses, such as site selection, financing, and zoning. The Panel builds upon this commitment by government to business by providing economic incentives to conduct and invest in job training to improve worker skills and business productivity.

The creation of the Panel, our renewed national interest in improving the quality of basic education, stimulating science and mathematics training, and bringing excellence back into the schools illustrate in part the traditional importance we have placed upon training and education as critical to our national economy as well as to our social fabric. We will not compete in a world economy with dollar-a-day labor or with cheap natural resources. We will compete with training and education that make a smarter, more productive and competitive work force.

There is another reason for government leadership in training partnerships with business and labor. Despite what some of us in the training business may think, training is not the highest priority for most of American business. In most businesses, large or small, training is an activity to cut back when there is a squeeze on quarterly profits. In a forthcoming study, one researcher familiar with corporate training policies finds that most employers, as a matter of course, fire employees whose skills are no longer current and hire new staff with the requisite skills. The researcher

finds that this fire/hire tradition is practiced without regard to the cost or possibilities for retraining to prevent those layoffs. The Employment Training Panel provides funds to tip the balance in favor of retraining.

Another lesson the Panel has learned about partnerships in job training is that central planning is not necessary for a lasting partnership. Central planning has had a poor record in communist and authoritarian countries, and it is probably not a good idea to test in the training business either. In California we have a variety of training programs to meet a variety of needs. We have different kinds of partnerships. That is pluralism, a market-style approach with many different niches in a complex market economy. Individual employers themselves cannot predict with certainty their own hiring and thus their own training needs. How then can government predict for them?

The Employment Training Panel acts on the basis of market forces and is driven by employer demand for trained workers. Every training contract that the Panel enters into must specify who will hire the trainees, what they will do, and what they will be paid. If there are no employers to hire the trainees, there is no training contract. If there are no jobs after training, there are no payments.

The Employment Training Panel has been a successful partnership by numerous objective measures.

Thousands of newly-trained workers are on the job after Panel training. Thousands of California businesses, large and small, have better-trained workers, and the economy of the state is that much stronger, that much more productive, and that much better off to withstand competition from around the world.

Mr. MARTINEZ. Thank you, Mr. Duscha.

You know, the testimony that each of you have given stirs up in one's mind the need for further discussion on this situation. I wish these hearings were a little less structured so that we could have more of a round table-type discussion. We had one recently in Berkeley and I thought that was a very constructive way to go about it.

But because we are structured, we do have time restraints. In order to maintain the 5-minute rule which we set for ourselves, I am going to ask one question which is general, and have each of you respond to it. Also, there are some questions that I would like to ask each of you in writing and leave the record open so that you might respond to these questions.

We had an individual at a hearing in Lowell, MA, who was a chairman of the board of a Fortune 500 company and he stated there that private industry is doing a lot. It is not publicized as much as it should be, but they are involved, they are concerned. But they have a very definite feeling that the Government sometimes expects them to do it all. They want to do their share, but they want Government to do its share. The Government in one regard, I think, has not done its share. If you look at the JTPA Program, people all over the country have testified that it is a very successful thing and that the partnership part of it really makes it go. It only services about 3 percent of the total need, though. And even as one of you indicated, even as advertisement has drawn people to these programs, we find we are turning people away, or there are not slots for people, or people are being screened out because of the performance-standards part of the contracting.

So my question to you is this, If this particular individual is right that industry is willing to do its share but they feel that Government must do its share, what, in your interpretation, is Government's share?

We will start with you, Mr. Duscha.

Mr. DUSCHA. Well, I think we are in danger of industry writing off Government, for instance. There have been some recent studies in the corporate classroom. For example, a Carnegie study which said that business is in trouble. It is not getting the skilled people that it needs out of the public schools, out of the public programs.

Mr. DYMALLY. Steve, a little louder. The folks in the back are having a little difficulty hearing you.

Mr. DUSCHA. The direction of this particular study was a finding that business is setting up a parallel system of training education because the public sector has failed. I think we have to tune into what the private sector needs. I think we have to develop some real measures of what the private sector wants and then we have to deliver it. We have to deliver it on the private sector's terms.

It includes business and labor because we found a unity, a surprising unity, between business and labor on these issues. We have to find mechanisms whereby we really do deliver what business and labor need. I think we need to do much more wnether it takes more money or whether it takes a redirection of some of the current money. I am referring to the whole array of vocational education and training programs. I think there's a great deal more that Government needs to do.

Mr. MARTINEZ. Mr. Naylor, I want you to answer the question, but I have to add a qualifier because one of the things you said, and I agree with totally, is that importing people for jobs rather than training our own people and educating our own people is a shame. It really is a shame.

I remember back when the aerospace industry fell through along with all those engineers that had been trained for it. There were so many engineers and so many other people in that industry. Instead of retraining those engineers for other jobs, we allowed them to go around jumping off buildings and taking work as unskilled laborers and everything else. A few years later, we have all the major corporations looking abroad for those engineers to fill the jobs with specific needs rather than going back and pulling some of those people back and retraining them.

But here again, what is Government's share? I agree with Mr. Duscha that Government is not doing its share.

Mr. NAYLOR. I think we have to—I sincerely appreciate your comment on the importation of labor. I think that is, as I mentioned, criminal.

I think Government's share in one area, and at this point I agree with you I wish we had much more time, specifically target the area of JTPA which I am chairman. I think that serving 3 percent of the population is also not acceptable. We have heard a lot about creaming. We have a new study on performance standards of JTPA that is going on right now and that report, by the way, should be finished by, we hope, November and you will get a copy of that.

But I can tell you from advance looking at that, and I have been working on it for over a year from the Grinker/Walker report and from our own report that we are working on the idea that performance standards as set down by Secretary of Labor by Government perhaps should be loosened, perhaps should be, now this is a suggestion, given more control at local levels so that those performance standards can be targeted or customized to that local level and more of the public can be served. I believe the JTPA Program is an excellent program.

However, I believe those—it is a new program. We had to admit that. We all understand that. I believe that Government can expand its window, if you will, and not have blinders on. That is only one of many, and I could spend the rest of the day talking about that. But, I think that is the place to start, the fact that we know that so-called creaming is going on. We admit that. We do not want that, and one way to stop that is to serve more than 3 percent. One way is to loosen performance standards. We cannot cut those loose and just let it—it is certainly a problem in Puerto Rico. We were down there and they have a severe problem because of the performance standards. That is a great example of just ignoring performance standards, if you will.

That is not what I am saying. What I am saying is loosening those, tailoring them, or giving the right to the local area for jurisdiction over those to customize them to the use of the local area.

Mr. MARTINEZ. Mr. Balcer, one of the things in your testimony on the particular needs of women when they get retrained is their lack of skills and everything else, and one of the things you outlined was child care.

As a matter of policy, we do not really have, neither in the law nor as a matter of policy, a statement to the fact that particular needs arise when women go to get retrained, if they have children or are single parents. The thing is that some of our programs to develop that with Federal moneys have been discouraged. One positive example is in the San Jose Center for Employment Training where they provided a fantastic program of day care for the children. While these people were being retrained, they were in a way penalized by the cutting or curtailing of their child-care funds because that was included in their training program.

So, along with the other questions I asked you, you might touch on that a little bit.

Mr. BALCER. Well, thank you very much.

The day care is a very serious problem that I think that the private sector has not come to grips with at any better than the public sector. I think there have been studies done very recently on how many of the Fortune 500 provide child-care facilities for their own employees. It is very very limited. As you know, there is no Federal legislation for mandatory child care or even help for mandatory child care. I think that is going to be on next year's session. I think there are some hearings already scheduled for that.

So, outside that, it is a very serious problem and I think it is a problem that a single, worker person either male or female, because there is more and more males that also have the responsibility of child rearing. It is not totally a female problem now. So, I think if we are going to compete nationally, internationally, we have to come to grips with the child-care problem, and especially as more and more women enter the labor force.

On the other things that were brought up, on the Fortune 500 was mentioned that I think the training that these companies can provide and do provide are adequate. And I think that they are large enough to be able to know what training is needed to be able to have the kind of overhead to support some training. Unfortunately, and you are most aware of this, the bulk, the mass majority of the employment in the United States is not in the Fortune 500 companies. The bulk of the employment in this country is by the small employer. The small employer in no way can either anticipate or afford the type of training needed to take a disadvantaged person and bring him into a productive level while they are on his payroll. So, Government has to step in.

If you just look at it from the employer's side, let alone the human element that is involved in trying to take these people, that the vast majority of the employers have neither the resources, the expertise, or the time to take a disadvantaged person and train him.

There was a mention of creaming. I do not know what creaming is. I have been in the business since it started. If we have enough dollars to serve 3 percent of the need and we are creaming and still only serving 3 percent, if we did not cream, we would not even serve 3 percent. I mean the number of people served would even reduce even more.

So, if a person meets the eligibility criteria, disadvantaged, unemployed, which end of the spectrum of the stick is he on and who should you serve. If a person meets the criteria, he is unemployed and unskilled, it is because he is not the worst, say he is functionally literate, should not he be retrained? Or should you bypass him to go to the person who is illiterate?

You could get into a great debate on what is creaming and what is not creaming. The lack of resources is a very serious problem. The other one is as far as performance standards; performance standards are flexible. They can be adjusted. Each area and the Governor of each State can adjust the standards to meet the specific criteria. I think there is creaming. I think that the excuse for creaming has been the performance standards. I think this is a copout because they are easier to serve. If I were running the problem, I would in all probability have a tendency to take the high end of the spectrum.

The very serious problem in this country is literacy and illiteracy. As you know, Secretary Brock is making a very strong push on that. We in the ETA are also pushing on this. We have to get the work force, you know, in a position to be competitive internationally. So, I think that the combination of the private sector and Government has to work together. I think we in the Federal Government through the first 2½ years of JTPA have been totally and completely remiss on our partnership. I readily admit that.

I think under Secretary Brock the attitude has changed, our role at the regional office has changed, our proactive stance in assisting has changed. We now are in a position to go out and assist, go out and help, go out and counsel, go out and say what projects are good which has not been in the past. So, I think as far as the Federal side of the house outside limited dollars that we are going to be in a better position to assist the JTPA Program and hopefully through an innovative method of financing of not only accompanying, but small amount of money we have in JTPA, but being able to impact, like California, the training employment fund, the welfare funds, all the other activities are out there to be able to get more bang for the buck.

So, I think we do have an active role and it is a desperately needed role.

Mr. MARTINEZ. Thank you.

Mr. Hayes.

Mr. HAYES. Thank you, Mr. Chairman.

You are right when you say that the time constraints make it impossible almost to do justice to the matter which is before us. I might say to the gentlemen who are a part of this panel, you certainly have advanced your views well. Your statements certainly substantiate that that you have presented to us in writing.

I do not share your opinions completely. I want you to understand that. I do not see training as the only solution to our problem of unemployment. I happen to have visited the State of Maine, the Portland area. It used to be heavy in the shoe industry. It is gone now. There are no shoes hardly being made there. They are being made overseas.

I come out of Chicago, which is heavily into steel. This is gone and some of those people who have been thrown out of work as a

result of the demise of the industry are trained people in skilled categories—some of them. But the problem of placement is, Where do they go? Where do you place them?

To you, Mr. Balcer, you mentioned JTPA which I know you know its life is being threatened now as a result of our budgetary constraints as we proceed to try to reduce our deficit. You mentioned specifically about the women and the help that the program has been to them which I agree with. I would like to know the success ratio of placements after people are trained. This is one of the problems I ran into in Portland. With the shoe industry being gone, the women said to me, "I am going to school. I am being trained, but what will I do when I am finished?"

In the first place, they do not want to leave Portland, and that whole area, there is nothing else there. What do we do?

Mr. BALCER. In California, it is about 60 percent, but this is in my opinion, once again a soft number, because who is the counter.

Mr. HAYES. What?

Mr. BALCER. Who does the counting? I mean, if I am going to count and I am the only one that has the numbers, I can say anything I want.

Mr. HAYES. I guess you are right because there are 10 million people out there out of work, totally almost, another 5 million or so working part time, and several million totally forgotten because they have stopped looking for work.

Mr. BALCER. And at the same time another thousands—I mean, you mentioned immigration and people coming into this country. Every person that comes into California or into the west coast for employment comes through my office. And we are averaging, for this is labor certification alone, labor certification alone, over 1,200 cases a month through my office. That is a lot of people, replacing a lot of workers.

Mr. DYMALLY. Mr. Balcer, what field?

Mr. BALCER. Department of Labor.

Mr. DYMALLY. No.

Mr. BALCER. You name it. It runs the full gambit from president of multimillion-dollar corporations to a live-in maid.

Mr. HAYES. Let me just ask one question, Mr. Chairman, and I will yield to my colleague over here to my left; my right rather.

Should the Federal Government, I ask you this Mr. Naylor, spend more money in educating, not less which is a trend today?

Mr. NAYLOR. Well, I think Congress must spend more money. If we have moneys available, we must. In the State of California, of course, there is a lottery program to try and spend more money. The Federal Government has to allocate more money for better qualified teachers, instructors. If we are going to meet the needs of the future, we have to do that. We cannot spend less. I certainly believe. Yes, indeed.

Mr. HAYES. There is a growing feeling which is somewhat substantiated by action that we as a government are not quite concerned—we should talk about creaming. Even when you get to the classroom level, even the elementary level, the concentration seems to be on the higher group of students and forget about those who are down there. They are being locked into poverty and that is where they are going to be. I really think it is wrong.

Mr. NAYLOR. We cannot forget those people. In New York City we had hearings in January—we saw 70 percent. Mayor Koch's office started off telling it was 30 percent, 35 percent unemployment among minority youth. We found 70 percent. And we talked, of course, of youth. That we were able to go into Harlem and actually personally meet with these young people and after an hour or two they talked to us. It took that long.

One young man looked me straight in the eye and said, "Why would I want to work for minimum wage when I make more money than you do selling drugs on the street." I do not know how to deal with that, Congressman. I think we have to deal with that, but I personally do not know how to deal with that.

Mr. HAYES. The jobs are not there. That is my point. I think the Government has to become an employer of major consequences.

Mr. BALCER. I think the Government has to be involved, but I think the jobs are there.

Mr. NAYLOR. I agree, sir.

Mr. HAYES. Tell me where they are.

Mr. NAYLOR. Two days ago, the Wall Street Journal, for instances, there is an article about McDonald's, Burger King is offering, they cannot get people to work. The Burger King Corp. is looking for nonskilled young people. They are even busing out of the inner city in southeast and many other areas. They are offering $2,000 scholarship programs for people to stay with them a year. There are jobs out there.

Mr. BALCER. A serious mismatch both in skill level and where people live and where the jobs are. This I do not quarrel with.

Mr. MARTINEZ. The gentleman yielded back his time, but I have got to say this. You said something about the mismatch. That is an important part that we are not getting at. We are not providing a comprehensive way of matching people with jobs, even concerning locations. You know, industry will look first for a labor market when it looks to establish a plant, facility, or anything. They look for transportation and energy and meeting all those needs at a comparable rate and in numbers that are needed.

They do their search and they do their survey to establish a place, but Government is nowhere involved. A lot of time they will go in and find people there, and later they find that these people are not trained for their specific need. They will move to a large metropolitan area where they know there is a multitude of people, and where there even may be a high unemployment rate. They know these people are bound to be looking for jobs, but are these people qualified?

Do they undertake the job of training people for these jobs? In many cases they do not want to. In many cases it is too great an expense. In many cases they go through expensive training only to find the person has other attitudinal problems that are not going to help keep him on that job. But there is no comprehensive way of getting rid of one mismatch that exists in both recuiting people and lining them up with jobs, and working in cooperation with industry to develop what their needs are and how to bring it all together. I think that is what we have to do.

Mr. BALCER. Mr. Chairman, I have been in this business now 20 years, maybe not 20, 18 years I have said the same. We are the

only industrialized Western country that has never had a manpower policy, and I see no manpower policy in the future and this comes right back to the heart of this.

A country of this size, of this variety, has to have a national manpower policy to meet the needs and which we do not have.

Mr. MARTINEZ. Absolutely.

Mr. Dymally.

Mr. DYMALLY. Thank you very much, Mr. Chairman.

First off, I thank you for inviting me to join you this morning and thank the witnesses for coming here before us, some of whom come from the great city's first district. I want to use my 5 minutes asking a couple of questions and making a few comments.

First, I want to underscore your comment about the Lowell, MA, manufacturer who said that Government has to be an integral part of this whole question of training and retraining. Back in 1981, my office met with representatives of the aerospace industry—specifically Northrop, TRW, and Rockwell—all of whom responded with $100,000 to set up a job training program in conjunction with CETA and CWETA, California CETA.

All the students were in training at Compton College, and at a major supplier of aerospace parts, California, CWETA when it abolished its CWETA Program. The Federal Government abolished its CETA Program and then we were stuck with 1 month before training. Mr. Duscha's program did not address the question of training. They addressed the question of retraining. He could not help us. So, we were in a state of panic. I mean our credibility was shot. Fortunately, the State employment department with the aerospace industry came in on an emergency basis and absorbed some of those students. We did not place them all.

So, I think that underscores the needs for Federal programs that address the question of training, not just retraining. Steve's program has been eminently successful, but he knows that I have had some problems with the exclusion of the nonprofit sector, the exclusion of small firms that are not part of the system of workman's compensation. But how can you put aside success. I have never heard of any program in California giving back the State some money.

Was there any mandate on how that money ought to be spent?

Mr. DUSCHA. It goes back into the unemployment insurance fund.

Mr. DYMALLY. It went back to the donors?

Mr. DUSCHA. Yes.

Mr. DYMALLY. Mr. Naylor, you went to New York and your panel discussed the creation of new jobs. Where are those jobs taking place now and in the future?

Mr. NAYLOR. Of course, first of all, let me again state that there are some existing jobs out there that there are not qualified young people or entry-level basic-skilled people.

Mr. DYMALLY. Yes. But where are they taking place—communications, computer scientists, aerospace, financial services?

Mr. NAYLOR. I think there were some—we saw certain, and I do not have those specifically with me at the moment, but we did see, not only in New York, but in other site visits and hearings we have held in Miami, here in Los Angeles and in other areas. We found that there are in all of those areas. We did a recent study of robot-

ics and computers in the workplace and how you train to get people and recruit people to come into those areas.

Many of the major corporations, IBM who you will be hearing from later on, was one of the corporations that was on the lead edge, if you will, of that recruiting process. So, the computer sciences, yes I think there is a need. Unfortunately, where Congressman Martinez is in his area up in northern California, the Silicon Valley area, there has been a cutback, as you well know, cut down, slow down if you will, in employment up in that area.

However, we feel that it is temporary. I agree with Congressman Hayes that the internationalization is a very serious problem we must address. We are, indeed, with Secretary Brock addressing that problem at this point. I am not dodging your question. I just do not know the exact quotes as to specific names of those places. I know the Marriott Corp. is in a pilot program for basic skilled maids, entry level service personnel. I think what we have to look at is now just entry level jobs that are short-term jobs. We have to look at the long-range employable and training within. There are corporations that are willing and able to do that. We would certainly be happy to furnish you that list.

Mr. DYMALLY. Thank you. Mr. Chairman, one question, one comment. On National Public Radio there was a report recently and I was in the midst of 504 traffic so I could not jot the notes down. The report said that the unemployment rate is much higher than that given out by the Department of Labor.

I am wondering if you could direct staff to research that report. It just came out this month, late August, early September. We could probably start with NPR and find out from where they got it, because they claim that a number of people who never entered the job market are not included in those statistics. So, the figure is much higher than we hear on the radio. In fact, this morning I heard it on the radio.

Mr. MARTINEZ. Would you yield for just 1 minute.

Mr. DYMALLY. Indeed.

Mr. MARTINEZ. This is something that I have said repeatedly. In places like the Virgin Islands they can prove—because of the small numbers and their ability to monitor them—that their unemployment rate is four times higher than what the Department of Labor states that it is.

One of the things you just said concerns those people first entering for the labor force. Every year we know of the millions that come on from graduating from high school and colleges that are not counted. You are absolutely right.

Mr. DYMALLY. The National Urban League testified, I think, a year or two ago before the Committee on Science and Technology that when the Department says there is 7-percent unemployment, one should automatically add 5 percent with one's eyes closed and one will be safe with 7 or 8 percent or whatever figures are given you plus 5, without even dealing with those people who never went into the job market.

Finally, Mr. Balcer, I do not know if you are aware of this but about a year ago or two Mr. Martinez' predecessor, Congressman Gus Hawkins, chairman of the full committee, held hearings here on the disaster of JTPA when it first started.

Has this county repaired that damage? They were using welfare recipients automatically for training.

Mr. BALCER. Yeah.

It was general aid in Los Angeles County and that triggered a very positive reaction from the State and that action was corrected and the county is in full compliance with the legislation.

Mr. DYMALLY. Thank you very much, Mr. Chairman and the witnesses.

Mr. MARTINEZ. Thank you, Mr. Dymally.

I want to thank you all. Your testimony is very pertinent. It is important to us and it has been very helpful. And like I say, there are some questions that we still have in mind. We will leave the record open and will communicate to you in writing. Thank you.

Because of a particular need I am going to go a little bit out of order here. I am going to take next as a single witness, Mr. Robert Clark, director of community programs at Northrop Corp., and with him is D.G. Durant, director of staffing.

Here again, if you have provided written statements they are entered into the record in their entirety and if you would summarize we would appreciate it.

Mr. CLARK. We have done that, Congressman and gentleman. Thank you for the opportunity to appear before you. I am Robert Clark here, as I have testified before before Mr. Martinez, as chairman of the Los Angeles City PIC and an employee of Northrop.

But, I think today there is much more expertise here in the field in the person of Mr. Don Durant who is corporate director of staffing at Northrop. I would like to yield to Mr. Durant.

Mr. MARTINEZ. Thank you. Mr. Durant.

STATEMENT OF MR. DON G. DURANT, CORPORATE DIRECTOR OF STAFFING, NORTHROP CORP., ACCOMPANIED BY MR. ROBERT CLARK, DIRECTOR OF COMMUNITY PROGRAMS, NORTHROP CORP., CHAIRMAN, LOS ANGELES PRIVATE INDUSTRY COUNCIL

Mr. DURANT. First of all, I am very pleased to be here. This is my first experience at this. I am pleased to be here as a representative of Northrop and meet with you, Mr. Chairman and the members of your committee. I have prepared a statement which I would like to read if I may.

Northrop Corp. recognizes the value of, and its obligation to improve, the quality of living of all persons in our community. The corporation depends on the prosperity of people for its success.

Being an advanced technology company, Northrop has employees who must have reached, in general, an educational level somewhat beyond the national average. But I am careful here to emphasize the word "average." Not all our designers are graduate engineers. Not all of our financial staff are MBA's. Not all of our manufacturing personnel are trained to the depth of repairing today's family automobile. But there is one common characteristic of all these people, they are in increasingly short supply. In our own interest and in the community's interest we find it necessary to do something about it.

We reach to all levels of capability of the people in our community that we need and want as employees. The key element is educa-

tion. There is never enough of that around for an employer of tens of thousands of people, so that is where we do something about it.

For the purposes of the committee today, we will outline the pertinent training and education programs in place now at Northrop. Unfortunately, we cannot adequately identify categories of people, such as minority disadvantaged because that is not the kind of background data that we can bring up. We will point out, however, what we do know about the people involved.

Northrop is proud of its community activities, and we are honored to be asked to review with the committee those that are related to education and training of the disadvantaged. We submit the attached outlined review for your information and will be pleased to answer any question that you may have.

We thank you for your attention. I would be happy to go through this, the attachment, if you would like, outlining the different programs, or what would be your choice?

[The prepared statement of Don G. Durant follows:]

PREPARED STATMENT OF DON G. DURANT, STAFFING DIRECTOR, NORTHROP CORP.

NORTHROP

Northrop Corporation
1840 Century Park East
Los Angeles, California 90067 2199
Telephone 213 553 6262

Northrop Corporation recognizes the value of, and its obligation to improve, the quality of living of all persons in our community. The Corporation depends on the prosperity of people for its success.

Being an advanced technology company, Northrop has employees who must have reached, in general, an education level somewhat beyond the national average. But I am careful here to emphasize the word "average". Not all our designers are graduate engineers. Not all our financial staff are MBA'S. Not all our manufacturing personnel are trained to the depth of repairing today's family automobile. But there is one common characteristic of all these people; they are in increasingly short supply. In our own interest and in the community's interest we find it necessary to do something about it.

We reach to all levels of capability of the people in our community that we need and want as employees. The key element is education. There is never enough of that around for an employer of tens of thousands of people, so that is where we "do something about it".

For the purposes of the Committee today, we will outline the pertinent training and education programs in place at Northrop. Unfortunately, we cannot adequately identify categories of people, such as "minority disadvantaged" because that isn't the kind of background data that we can bring up. We will point out, however, what we do know about the people involved.

Northrop is proud of its community activities, and we are honored to be asked to review with the committee those that are related to education and training of the disadvantaged. We submit the attached outline review for your information and will be pleased to answer any questions that you may have.

Thank you for your attention.

D. G. Durant
Director, Staffing

ATTACHMENT

Northrop Activities for Minorities, Females,
and Disadvantaged Individuals

MESA - Mathematics, Engineering, Science Achievement

MESA works to constructively prepare minority and female students for careers in fields which require strong math, science and English preparation in high school.

A program initiated in 1970, MESA has expanded throughout California as a direct result of the interest of educational institutions, industry, engineering societies, foundations, and others.

Funds are used for summer school, field trips to industry, equipment donations, tutoring and scholarships.

EARLY OUTREACH PROGRAM - CSU Fullerton

This organization takes Junior High School minority students on tours of local industry to stimulate early interest in science and math. "Hands on" computer sessions are offered. The aim is to start as early as possible to stimulate these students on the value of education and what they can do with it.

NORTHROP TRAINING AND DEVELOPMENT

The Training and Development Department offers several development opportunities, notably an "English as Second Language (ESL)" class for Hispanic and Asian employees, and career counseling, wherein the employee is given assessment tests, evaluation, and relevant information on schooling available to enable the employee to better his or her position.

THE HIGH SCHOOL INVOLVEMENT PROGRAM (HIP)

This nationally recognized effort gives students an opportunity to work with Northrop supervision in an everyday working environment, encompassing dozens of skills. Students work at their jobs five afternoons per week for 16 weeks, accumulating class credits toward their high school diploma.

Since the program began in 1971, some 2500 students have graduated, coming from 27 high schools in eight districts, the majority in economically distressed areas. About 15 percent of the trainees are later hired by Northrop, but most of the students elect to continue their education in colleges or technical schools.

VOLUNTEER PROGRAMS

Northorp employees, through supervisory levels, spend thousands of hours annually in a wide variety of community programs and at advancing the skills and job ability of youth, the economically disadvantaged, and the physically handicapped.

Some examples:

- Youth Motivation Task Force. Volunteers visit classrooms of secondary schools in low income areas to encourage students to stay in school.

- Applied Economics Program. Volunteers bring economics education and teach practical business applications in high schools.

- Courses for the Handicapped in Programming.

  While learning computer maintenance and programming, the hearing-impaired are also schooled in interviewing techniques and career development.

- Veterans Service Council Volunteers assist veterans in resume preparation and conduct mock interviews, and help develop an appropriate curriculum for computer training.

PLACEMENT AND COUNSELING

Northrop's Human Resources Department works with a number of local agencies in the hiring and training of the hard-to-employ.

Agencies include the Los Angeles Mayor's Committee on the Handicapped, State Rehabilitation Department, ADEPT, the Watts Skill Training Center, the Southern California Regional Occupation Center, and in joint efforts with industry associations. Positions include clerical, data processing, sheet metal and machine fabrication, and non-metallic assemblies.

Mr. MARTINEZ. Well, let me just start out by asking you this. Sometime back, I think it has been at least a couple of years, representatives from Northrop came to Washington, DC, and met with several members of Congress on a program that they were initiating that had to do with curtailing the dropout rate.

Did they drop that or did they keep it? To promote these kids into higher education?

Mr. DYMALLY. This is the one the mayor of Lawndale, I think was involved in.

Mr. DURANT. Would that have been the HIP Program?

Mr. DYMALLY. No, it was not HIP. It was a new program that they had initiated. Northrop had made available a staff person, including the mayor of Lawndale, to work on that program.

Mr. CLARK. I do not recall the program specifically. I do know that there is a grouping of personnel from aerospace companies in the area that got together with the purpose of doing this.

Mr. DYMALLY. That is the one.

Mr. CLARK. Broadly speaking it, I do not mean to be facetious, it is almost the same as the drug problem. We have to go down into the lower levels of school to persuade the kids to stay with mathematics, stay with science in grade schools, stay with it in high schools because if they do not stay with it then they cannot get into the educational level we need in our industry.

So, we have a dual interest. We do not want the kids to drop out because they are afraid of math. There was a dual thing there. There was a community effort to keep these kids in school. There was a broad based business effort of the high-technology industry because we see a tremendous shortage ahead. We have got to keep all of these kids in school.

Mr. MARTINEZ. I would agree with that theory, and the reason being, we have found out since and there have been countless number of studies done that prove if a young person is going to be motivated he has to be motivated at a very early age and there has to be an incentive.

We talked to a gentleman from Lebanon——

Mr. HAYES. Lebanon.

Mr. MARTINEZ. In Palo Alto who has a program which is being initiated by the Los Angeles school district. It challenges the kids and motivates them, requires more of them. His theory is that you need to make demands with certain expectations and certain rewards. From his pilot programs and his studies he feels they will react, they will do well, and they will stay in school.

Of course, one of the big problems is that young people are sometimes not able to even receive the training offered at some of the job training centers throughout the country. We visited one, well more than one but this particular one was quite a good example of, providing remedial classes which they called feeder classes. Even though they qualified as disadvantaged, they could not assimilate the education and training because they did not have those basic remedial skills.

You have to talk to corporations, companies, and private industry about doing their share in helping because eventually these people are going to be the ones available to work for them, and if

they do not get this education and training they are not going to be available.

Mr. CLARK. One of the programs I did not mention on this attachment here, we did not mention, this attachment does go to the things you are talking about was the Adopt-A-School Program here in Los Angeles where a corporation would adopt a grade school and its employees and go in and talk to the kids. That is what makes the world go round. How does that hamburger stand stay out there and stay in business?

Business is used in the classroom program in California. It does the same thing. Junior Achievement does the same thing, so there. There are a lot of us working in that arena.

Mr. MARTINEZ. Junior Achievement is a great program, too. You get people that are successful in a corporation to set up little projects for these kids to complete and market. It is the kind of thing where they get to see what they can do in an old fashioned way. It has got to be a great incentive for them to try to get a higher education. If they can do this project and put it together and try to produce a product that they can market and be successful with, it has to create the chance for greater success down the road.

Mr. Hayes.

Mr. HAYES. Thank you, Mr. Chairman.

I do not really have a question. I just want to commend these people here who head and author up—you know, I happen to live in what is fast becoming and represents the forgotten area of this great United States of ours, the Midwest. The two coasts fare a lot better than we do. So, I start off with a little bias viewpoint to be honest with you because of my interest and concern about what happened to us.

I must commend you though for at least recognizing it before it is too late. There is a resource out there that is being neglected that is going to be needed in the future among our youth. We ought to begin to develop a program to educate them, accelerate their learning where they can become really a part of this society in the future of this great country of ours. I want to commend you for doing that. I think you are moving in the right direction. But too few of us are doing that ourselves.

Mr. CLARK. May I comment on your comment.

I believe, if I am correct, we are the largest defense contractor in the State of Illinois. It is either by dollars or by personnel. It is very high technology in Rolling Meadows.

Mr. HAYES. West of Chicago.

Mr. MARTINEZ. Close enough.

Mr. DYMALLY. Very good.

With comments like that he is welcome, not only to come to the west coast, but to the 31st District where Northrop is the largest employer.

Mr. Chairman, I just want to move that the attachment to the Northrop statement be made part of the record.

Mr. MARTINEZ. With no objection, so ordered.

Mr. DYMALLY. Thank you, Mr. Chairman.

Mr. MARTINEZ. Thank you both for appearing before us. It is nice to see you gain, Mr. Clark.

Mr. CLARK. We are in the process of evaluating next year's training program. May we be excused, sir?

Mr. MARTINEZ. Yes.

At this time I would like to call Mr. Frank Accardo. Did I say that right?

Mr. ACCARDO. Yes, sir.

Mr. MARTINEZ. Mr. Accardo is the president of Dial-One Antennas, appearing on behalf of the National Federation of Independent Business. Mr. Hugh Burroughs, program officer, William and Flora Hewlett Foundation, and Mr. Ernest Cooper, regional director of the National Urban League.

I see Mr. Burroughs did not make it this morning. Mr. Accardo, we will start with you.

STATEMENT OF FRANK ACCARDO, PRESIDENT DIAL-ONE ANTENNAS ON BEHALF OF THE NATIONAL FEDERATION OF INDEPENDENT BUSINESS

Mr. ACCARDO. I will do some reading here. I was sent these papers by NFIB and I will be as brief as I can. I have eliminated a lot. I know you want to get on with the meeting.

Mr. Chairman, my name is Frank Accardo. I am president of Dial-One Antennas by Frank and I am here on behalf of more than 500,000 small business members of the National Federation of Independent Business [NFIB]. And I also speak for 800 independently owned quality contractors in the United States known as Dial-One.

As a member of NFIB, I am proud to present these papers to you and I do so with all sincerity. I want to thank you for coming to our city and giving us this opportunity to share with you and our colleagues, your colleagues, the views and experiences of our Nation's small employers in this important area of employment and training.

NFIB employ over 7 million American workers in the firms ranging across a broad spectrum of our Nation's economy—manufacturing, construction, transportation, wholesale, retail, agriculture, financial services, the service sector, and the professional industries. Those industries represent a true cross section of the American small business community. The average NFIB member employs between 10 to 12 people, so you can see we really are the local "mom and pop" establishments that are the economic backbone of our Nation's cities and towns.

Mr. Chairman, I am sure you are well aware of the important contributions that small employers have made to our Nation's economic vitality. Small business is a true provider of equal opportunity in this country. Small firms employ old people, youths, women, and minorities in larger percentages than our competitors in big business. We provide countless Americans with that all-important first job. Two out of three workers receive their start in a small firm.

Since the start of the decade, over 10 million new jobs have been created; that is created in the American economy. During the same timeframe, our European friends have had no new job creation. Small business, I think, will take 70 percent of that responsibility.

The large number of small businesses in the United States, each employing a relatively small number of individuals, provides a suppleness and a flexibility that is unavailable to large firms and is, we believe, one of the primary reasons small firms have been able to create millions of new jobs. This suppleness and flexibility further explains why small firms are responsible for almost half of all important innovations and technological advancement.

It is of vital importance that any programs sponsored or policies enacted by either the various States or the Federal Government recognize these attributes of small business.

The passage of the Job Training Partnership Act, the JTPA, forging an alliance between the private sector and local government, has provided flexibility for communities to respond to local economic changes, thereby contributing to the success of JTPA. This is a positive development, one that the small business community supports.

I would like to turn to the question of employment and training in small firms. The current efforts by the Federal Government to encourage firms to hire and train workers, such as the Targeted Jobs Tax Credit are of no practical use to most small firms because it is predicated upon a firm making a profit, income against which an employer is allowed to take a tax credit for hiring an individual for one of the targeted populations.

Generally, small firms do not make a profit during their first several years in business. Therefore, there is little or no income against which a credit like the TJTC can be taken. More instructive and to the point, it is during these same early years that most of the job growth and training takes place. Practically speaking, Government assistance has been of no assistance to those small firms responsible for creating millions of new jobs.

With regard to training, small firms, in the final analysis, see little return on their investment in their workers. This may surprise you, but studies have shown that the average employee works for a small business for just over 2 years. Small firms often lose their workers to larger firms that offer more attractive benefits and wages. As a result, large firms reap the benefits of trained labor while small firms continue to absorb the costs of time, labor, and lost productivity in training these workers.

Given this situation, I would strongly recommend that the members of the subcommittee review a different approach, a nontraditional alternative to encourage employment and training in small firms. I call your attention to the effect of payroll taxes on the ability of small firms to employ and train workers.

Payroll taxes and the continuing increases voted by the Congress inhibit small business growth and job generation by raising the cost of hiring marginal and unskilled workers. It is severely restricting the cash-flow of struggling small firms. Small firms are labor intensive; they invest in people, not machines. Anything that raises the cost of that labor adversely affects the ability of a small firm to hire additional people. Quality employees are the lifeblood of companies like mine.

What are we getting? We are getting the leftovers from big business rollovers; 1,800 NFIB delegates to the White House met

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August 17. As one of their top recommendations to Congress the following resolution was made:

> Congress should institute a broad-based incentive program that would encourage the training and retraining of current and new employees by small business owners, and to further new employment opportunities.

This resolution, passed by small business men and women from all over the country, represents a national consensus that the area of employment growth and training and retraining is an important one for small firms. I repeat, by their very nature, small firms are labor-intensive. We invest in people, and they are our most important and valuable resource.

The resulting gain in employment would help not only those who would become productive members of the work force, but would expand our Nation's tax base, benefiting all levels of government. Countless societal benefits would accrue from the fact that more people are working. Among them would be increased self-esteem for people who were previously unemployed, a more stable family environment, and a renewed belief in the American dream. Small business provides the first step on the road to career opportunities and advancement.

We look forward to working with you on your efforts to put our fellow Americans to work.

I thank all of you for your indulgence.

[The prepared statement of Frank Accardo follows:]

STATEMENT OF

Mr. Frank Accardo

President of Dial One Antennas By Frank

on behalf of the

NATIONAL FEDERATION OF INDEPENDENT BUSINESS

Before:	House Subcommittee on Employment Opportunities
Subject:	Employment and Training in the Private Sector
Date:	September 5, 1986

Mr. Chairman, my name is Frank Accardo. I am President of Dial One Antennas in the county of Los Angeles and am here on behalf of the more than 500,000 small business members of the National Federation of Independent Business (NFIB). I want to thank you for this opportunity to share with you and your colleagues the views and experiences of our nation's small employers in this important area of employment and training.

At the start, I would like to provide you with a brief profile of the small businessmen and women who comprise NFIB. NFIB members employ over seven million American workers in firms ranging across a broad spectrum of our nation's economy -- manufacturing,

Government Relations and Research Center
600 Maryland SW, Ste 700
Washington D.C. 20024
202 554-9000

construction, transportation, wholesale, retail, agriculture, financial services, the service sector, and the professional industries. Those industries represent a true cross-section of the American small business community. The average NFIB member employs between 10-12 people, so you can see we really are the local "mom and pop" establishments that are the economic backbone of our nation's cities and towns.

The topic we have been asked to address today relates to the role of small business in economic development and in job creation. It is a subject in which small employers have a track record of which they can be proud. I am pleased to share with you both our achievements and our hopes for creating even more employment opportunities for Americans.

Mr. Chairman, I am sure you are well aware, due to your leadership of this subcommittee, of the important contributions that small employers have made to our nation's economic vitality. Very briefly, I would like to recap some of these accomplishments for the record as they will reinforce points to be made later in my testimony.

Small business is the true provider of equal opportunity in this country. Small firms employ old people, youths, women, and minorities in larger precentages than our competitors in big

business. We provide countless Americans with that all-important first job. Two out of three workers receive their start in a small firm. Small firms with under 100 employees represent 98% of all employers in the United States and employ 34% of the non-farm, non-government workforce. To put it another way, only 71,000 of the 4.5 million business enterprises in the United States have more than 100 employees. Also, 60% of all firms in the U.S. have four or fewer employees.

Since the start of the decade, over 10 million new jobs have been created in the American economy. During this same time frame, our European friends have had no net job creation. In fact, some countries, particularly West Germany and the United Kingdom, have had a net job loss. Small business is directly responsible for most of this economic miracle in America. According to David Birch, an economist at the Massachusetts Institute of Technology (MIT), small firms have created over 70% of all these new jobs. Even in economic downswings, small firms continue to exhibit growth patterns, thereby acting as a cushion or safety net for many Americans.

The large number of small businesses in the United States, each employing a relatively small number of individuals, provides a suppleness and flexibility that is unavailable to large firms and is, I believe, one of the primary reasons small firms have been able

to create millions of new jobs. This suppleness and flexibility further explains why small firms are responsible for almost half of all important innovations and technological advancements.' Recent House passage of a bill to reauthorize the Small Business Innovation and Research Act (SBIR) reaffirms the role of small business in this area.

It is of vital importance that any programs sponsored or policies enacted by either the various states or the federal government recognize these attributes of small business.

For this reason, I would like to draw your attention to several programs developed by the federal government and various state governments that have taken these characteristics of small firms into account in developing programs to train workers who have been displaced or who lack sufficient skills for employment.

The passage of the Job Training Partnership Act (JTPA), forging an alliance between the private sector and local government, has provided flexibility for communities to respond to local economic changes, thereby contributing to the success of JTPA. This is a positive development, one that the small business community supports. This in turn has influenced several states in their own

development of alternative, non-traditional approaches to training and retraining. Massachusetts' "ET" program, as well as California's own training program--financed by unemployment insurance tax revenues--are just two examples of this flexible new approach.

One final note on the matter of alternative approaches. Though the California program is working, I would strongly urge the members of the subcommittee to be extremely cautious in trying to use the UI system to accomplish policy goals that the system was not designed to meet. Proposals are pending before the House Ways and Means Committee which could have the result of overloading the system to the benefit of no one.

I would like to turn now to the question of employment and training in small firms. The current efforts by the federal government to encourage firms to hire and train workers, such as the Targeted Jobs Tax Credit (TJTC), are of no practical use to most small firms. The TJTC is predicated upon the firm having a profit--income against which an employer is allowed to take a tax credit for hiring an individual from one of the targeted populations.

Generally, small firms do not make a profit during their first several years in business. Therefore, there is little or no income

against which a credit like the TJTC can be taken. More instructive and to the point, it is during these same early years that most of the job growth and training takes place.* Practically speaking, "government assistance" has been of no assistance to those small firms responsible for creating millions of new jobs.

With regard to training, small firms, in the final analysis, see little return on their investment in their workers. This may surprise you, but studies have shown that the average employee works for a small business for just over two years. Typically, the training provided by a small employer is of a general nature. The skills gained by employees who come to the small business owner with little or no prior skills benefit all employers, because the skills they have attained are applicable to many jobs. In a small scale operation, workers are exposed to, and are often responsible for, several different jobs. This reinforces the point I made earlier about the suppleness and flexibility of small firms.

Small firms often lose their workers to larger firms that offer more attractive benefits and wages. As a result, large firms reap the benefits of trained labor while small firms continue to absorb the costs of time, labor, and lost productivity in training these

workers. Bradley Schiller, a Professor of Economics at American University, has termed this phenomenon as the "corporate kidnap of the small-business employee."[5]

In contrast, larger firms generally provide training that is firm specific, thereby making that employee valuable only to that enployer, because the skills attained are applicable to a particular job within a particular business.

Given this situation, I would like to recommend that the members of the subcommittee review a different approach, a non-traditional alternative to encourage employment and training in small firms. I call your attention to the effect of payroll taxes on the ability of small firms to employ and train workers.

FICA (Federal Insurance Contributions Act) and FUTA (Federal Unemployment Tax Act) represent the greatest fixed costs to a small employer, especially in the early years. Close to 70% of a small employer's tax burden is in payroll taxes. According to a 1981 study prepared by Touche Ross for NFIB, FICA alone represents almost 1/3 of a small employer's tax burden.* The FICA burden has increased as a result of the 1983 Social Security reform act.

For 1985, the tax rate was 7.05% on a $39,000 wage base. For 1986 these figures were 7.15% and $42,000 respectively. There was a slight chance for relief this year with inflation running so low, that no COLA would be granted to Social Security recipients, thereby preventing further increase in the FICA tax. Congress however, may waive the 1983 agreement and grant an increase in the COLA, thereby triggering another automatic increase in the FICA tax (since the two are tied together).

Payroll taxes and the continuing increases voted by the Congress inhibit small business growth and job generation by raising the costs of hiring marginal or unskilled workers; severely restricting the cash flow of struggling small firms. Small firms are labor-intensive--they invest in people, not machines. Anything tha raises the cost of that labor adversely affects the ability of small firms to hire additional people.

As you know, the members of NFIB themselves set policy for the organization through their votes in favor or against various policy questions posed at both the state and federal level. A recent state ballot vote in Indiana illustrates the point I made above regarding the adverse impact of payroll taxes. NFIB members were asked the following question:

> "As a small business, how much does your government-required payroll costs (FICA, FUTA, state UC, WC) influence your decision to hire new workers?"

Seventy-three percent of the members polled stated that payroll costs have an influence on their hiring decisions, with over 34% stating that they are a substantial factor in such decisions.

You may well say that this is just my view or just that of a majority of the members of NFIB. I would like to state for the record that the more than 1800 delegates to the White House Conference on Small Business, which met during the week of August 17 in Washington, D.C., share the same sentiment. As one of their top sixty recommendations, selected from over 400 recommendations from each of the individual state conferences, the delegates voted in favor of the following resolution:

> "Congress should institute a broad-based incentive program that would encourage the training and retraining of current and new employees by small business owners, and to further new employment opportunities."

This resolution, passed by small businessmen and women from all over the country, represents a national consensus that the area of employment growth and training and retraining is an important one for small firms. I repeat, by their very natures, small firms are labor-intensive; we invest in people, and they are our most important and valuable resource.

The delegates left their resolution general enough to provide both the Congress and the Administration with discretion as to how such a program should be implemented. At this juncture, I would like to suggest to you, Mr. Chairman, and the other members of the subcommittee, that the lessening of the payroll tax burden, such as a credit against FICA taxes for hiring and training new employees, would be an important and, I believe, successful stimulant to further small business job creation.

The resulting gain in employment would help not only those who would become productive members of the workforce, but would expand our nation's tax base, benefiting all levels of government. Countless societal benefits would accrue from the fact that more people are working. Among them would be increased self esteem for people who were previously unemployed, a more stable family environment, and a renewed belief in the American dream. Small business provides the first step on the road to career opportunities and advancement. We look forward to working with you on efforts to put our fellow Americans to work. Thank you.

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END NOTES

1) The State of Small Business: A Report to the President (U.S. Government Printing Office: Washington, D.C.), March 1984, p.9.

2) Statement of Dr. David Birch--MIT, before the National Commission on Jobs and Small Business, 9/11/85

3) The State of Small Business: A Report to the President (U.S. Government Printing Office, Washington, D.C.), March, 1983. pp. 121-128.

4) Birch, statement of 9/11/85.

5) Bradley Schiller, "Corporate Kidnap of the Small Business Employee", The Public Interest, Number 72 (Summer 1983).

6) NFIB--Touche Ross, "Relative Burden of Federal, State, and Local Taxes on Small Business", 1981.

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Mr. MARTINEZ. Thank you, Mr. Accardo. Next, we will hear from Mr. Cooper.

STATEMENT OF ERNEST COOPER, REGIONAL DIRECTOR, NATIONAL URBAN LEAGUE

Mr. COOPER. Thank you, Mr. Chairman. I am Ernest C. Cooper, director of the National Urban League's Western Regional Service Center based in Los Angeles.

I do express my appreciation to the chairman and the subcommittee for inviting me to come and share with you the experiences of the National Urban League in this subject area before us today.

The Urban League is a not-for-profit, nonpartisan community-based organization with national headquarters in New York City, four regional service centers located in Atlanta, GA, Chicago, IL, Los Angeles, CA, and New York, NY. We have 113 local affiliates serving cities and counties in 34 States throughout the Nation. The Urban League is dedicated to securing equal opportunities for blacks, other minorities, and the poor in all sectors of our society.

Throughout its 76-year history, employment and training has been priority areas of concern and active involvement by the Urban League. Since its inception as a policy for operation, the Urban League has established and maintained positive and cooperative relationships with the private sector, the business community, nationally and locally, for purposes of developing and implementing locally, measures designed to eliminate barriers to equal employment opportunity for minorities, and to assist employers in the development and implementation of their own equal employment opportunity programs.

The Urban League was involved in CETA throughout its existence at two levels: the planning level to aid in determining the critical areas of need for treatment under the program, and the service delivery level operating programs with funds provided by CETA.

Local Urban Leagues have been involved with the JPTA Programs since its beginning in 1983. In the National Urban League's Western Region there are 12 local Urban Leagues located in the following States: Arizona, California, Colorado, Oregon, and Washington. The information that I shall present in my testimony is drawn from those 12 affiliates.

These affiliates operate employment programs, all in cooperation with the private sector in their respective communities. Currently, 10 Urban League affiliates operate 35 projects, serving 14,000 persons, with funding from the local Private Industry Council and from the private sector totaling $7,146,773.

Examples of services offered by these projects include the following: recruitment, assessment, counseling, job development, on-the-job training, skills training, job preparation, job placement, follow-up activities, and in some instances education remediation and summer youth employment.

The Urban League's long-term relationship with the private sector, and its knowledge of the needs of the minority communities that we represent, contributes to the record of effectiveness that the agency has been able to achieve in this important area. Howev-

er, there are experiences that we have had that give us some serious concern regarding the operation of projects in the Joint Partnership Training Act, and I would like to share some of these with the committee.

One of these is limited support services for program participants. Many of the participants are in need of multiple services which include transportation, child care, remedial education, and work experience. And under current JTPA contracts, transportation reimbursements are allowable, but the other services are not.

Attrition and enrollment penalties. Contractors of the JTPA are penalized for enrollees who do not complete the training, even if the reason for dropping out is beyond anyone's control; for example: illness, death in the family or lack of support services. Or it may be a positive termination in the sense that the person gets a job offer some place else because of what he has learned up to this point in the training and he leaves that training program. He is not going back to the unemployment role, he is going to better employment.

The Urban League programs do not lend themselves to an open entry/open exit format. Back filling classes is not possible. As a result, attrition often prevents meeting projected placement goals.

Program evaluations. Contract evaluations are based on a program operating plan which is prepared 13 months in advance of the contract start date. The purpose of the POP, or the program operating plan, is to predict the number of participants served in a given month. In fact, the POP is a projection, and should not be used as an evaluative tool. This is especially true because the POP cannot be changed at any time during the contract.

Three months prior to the end of each contract the PIC evaluation committee reviews the POP and compares it to actual program performance. If contract predictions are accurate, future funding is not a concern. If the predictions are not, the program is in jeopardy.

Since the POP represents a projection, actual numbers are influenced by a number of factors. Among them are shrinking applicant pool comprised of difficult-to-serve target populations, such as AFDC recipients, single parent heads-of-household, English-as-a-second-language groups, and those requiring basic skills remediation. And from competition with other JTPA contractors and from private business colleges that offer cash incentives equal to minimum wage.

Job placement. Program participants must be placed in unsubsidized employment within 90 days of program completion. In order for payment to be made to the contractor, participants must retain employment for 30 days. Some participants do not secure employment in the 90 days allotted. However, when employment is obtained it is usually the result of the skills acquired as a result of the training. Under present policy, there is no provision for even partial payment under these circumstances.

Cash flow, which is very serious for community based operations. All of us are nonprofit. Funds are needed to operate these programs prior to the first allowable benchmark. All advances on the contract must be secured by performance bonds which are difficult for community based organizations to obtain. As a result, Urban

Leagues are forced to secure loans in the open market, repayable at the rate of 21 percent, to operate programs. Interest payments are not considered allowable charges under JPTA contracts.

Income restrictions. JTPA guidelines allow individuals not meeting the low-income requirements to enroll in classes if and when there are barriers to employment. Their numbers cannot exceed 10 percent of the service delivery area population. Some SDA's do not make use of this provision, since they have not determined a formula for distributing available slots to contractors. Individuals are often excluded from training because their incomes exceed existing guidelines by minuscule amounts. The working poor, if you will.

Some other areas. Performance based contracting places standards and restrictions that lead to "creaming." If it is a contract that you want to succeed, you choose and involve those who are most likely to be able to successfully use it and ignore those who are least likely.

The Urban League is in business to serve those who hurt most and we have great frustration that says JTPA is the only tool in town with which we can work and the only resource in the community. We are not really able to tap and serve effectively those who hurt most.

In some communities we find that private sector leadership is not involved as envisioned. There are very beautiful statements and so on, but their personal involvement is not there. Lower level management personnel serves on the PIC and they are often unable to deliver in terms of job opportunities for persons trained through the programs.

The whole matter of inadequate funds has been alluded to earlier. It is a critical need. I can think of one community in this region where they have 93,000 persons eligible for service; they have resources to serve only 3,000. Another community in this State, incidentally, has a pool of eligible persons for summer youth employment programming of around 7,500. The PIC has money to serve 2,000.

Additionally, there are serious problems regarding cash advances from PIC to operate JTPA-sponsored programs. We are concerned about the number of potential clients we cannot serve because they lack basic skills required for enrollment. SDA support for an ongoing remediation program in most areas does not exist, and the prospects for support are bleak.

Performance standards and evaluative procedures create a catch-22 circumstance that makes it difficult to service important target groups, such as AFDC recipients, and individuals lacking basic skills. An open entry/open exit structure creates additional difficulty under our present contracting mode.

Mr. Chairman, I want to thank you and the committee for an opportunity to share these views with you.

[The prepared statement of Ernest C. Cooper follows:]

PREPARED STATEMENT OF ERNEST C. COOPER, DIRECTOR, REGIONAL SERVICE CENTER, LOS ANGELES NATIONAL URBAN LEAGUE

"PUBLIC-PRIVATE VENTURES IN EMPLOYMENT PROGRAMS"

THANK YOU MR. CHAIRMAN.

I AM ERNEST C. COOPER, DIRECTOR OF THE NATIONAL URBAN LEAGUE'S REGIONAL SERVICE CENTER-LOS ANGELES.

I WANT TO EXPRESS MY APPRECIATION TO CONGRESSMAN MARTINEZ AND THE SUB-COMMITTEE ON EMPLOYMENT OPPORTUNITIES FOR THE INVITATION TO PRESENT INFORMATION ON THE EXPERIENCES OF THE URBAN LEAGUE IN THE SUBJECT AREA.

THE URBAN LEAGUE IS A NOT-FOR-PROFIT, NON-PARTISAN COMMUNITY BASED ORGANIZATION WITH NATIONAL HEADQUARTERS IN NEW YORK CITY, FOUR REGIONAL SERVICE CENTERS LOCATED ATLANTA, GEORGIA, CHICAGO, ILLINOIS, LOS ANGELES, CALIFORNIA AND NEW YORK, NEW YORK, AND 113 LOCAL AFFILIATES SERVING CITIES/COUNTIES IN 34 STATES THROUGHOUT THE NATION. IT IS DEDICATED TO SECURING EQUAL OPPORTUNITIES FOR BLACKS, OTHER MINORITIES AND THE POOR IN ALL SECTORS OF OUR SOCIETY.

THROUGHOUT ITS 76 YEAR HISTORY, EMPLOYMENT AND TRAINING HAVE BEEN PRIORITY AREAS OF CONCERN AND ACTIVE INVOLVEMENT BY THE URBAN LEAGUE.

SINCE ITS INCEPTION THE URBAN LEAGUE HAS ESTABLISHED AND MAINTAINTED POSITIVE AND COOPERATIVE RELATIONSHIPS WITH THE PRIVATE SECTOR/BUSINESS COMMUNITY TO:

a. DEVELOP AND IMPLEMENT PROGRAMS DESIGNED TO ELIMINATE BARRIERS TO EQUAL EMPLOYMENT OPPORTUNITY FOR MINORITIES, AND

b. ASSIST EMPLOYERS IN THE DEVELOPMENT AND IMPLEMENTATION OF THEIR EQUAL EMPLOYMENT PROGRAMS.

THE URBAN LEAGUE WAS INVOLVED IN CETA THROUGHOUT ITS EXISTENCE AT TWO LEVELS: (a) THE PLANNING LEVEL TO AID IN DETERMINING THE CRITICAL AREAS OF NEED FOR TREATMENT UNDER THE PROGRAM, AND (b) THE SERVICE DELIVERY LEVEL OPERATING PROJECTS FUNDED BY CETA.

LOCAL URBAN LEAGUES HAVE BEEN INVOLVED WITH THE JPTA PROGRAM SINCE ITS BEGINNING IN 1983. IN THE NATIONAL URBAN LEAGUE'S WESTERN REGION THERE ARE TWELVE LOCAL URBAN LEAGUES LOCATED IN THE FOLLOWING STATES: ARIZONA, CALIFORNIA, COLORADO, OREGON, AND WASHINGTON. THESE AFFILIATES OPERATE EMPLOYMENT PROGRAMS, ALL IN COOPERATION WITH THE PRIVATE SECTOR IN THEIR RESPECTIVE COMMUNITIES. CURRENTLY TEN URBAN LEAGUE AFFILIATES OPERATE 35 PROJECTS, SERVING 14,000 PERSONS, WITH FUNDING FROM THEIR LOCAL, PRIVATE INDUSTRY, COUNCIL AND FROM THE PRIVATE SECTOR, TOTALING $7,146,773.

EXAMPLES OF SERVICES OFFERED BY THESE PROJECTS INCLUDE THE FOLLOWING:

RECRUITMENT	SKILLS TRAINING
ASSESSMENT	JOB PREPARATION
COUNSELING	JOB PLACEMENT
JOB DEVELOPMENT	FOLLOW-UP ACTIVITIES
ON-THE-JOB TRAINING	EDUCATION REMEDIATION

SUMMER YOUTH EMPLOYMENT

THE URBAN LEAGUE'S LONG TERM RELATIONSHIP WITH THE PRIVATE SECTOR, AND ITS KNOWLEDGE OF THE NEEDS MINORITY COMMUNITIES CONTRIBUTES TO ITS RECORD OF EFFECTIVENESS IN THIS IMPORTANT AREA. HOWEVER, THE URBAN LEAGUE EXPERIENCES SOME SERIOUS CONCERN REGARDING THE OPERATION OF PROJECTS UNDER THE JOINT PARTNERSHIP TRAINING ACT.

LIMITATIONS/CONCERNS

1. LIMITED SUPPORTIVE SERVICES FOR PROGRAM PARTICIPANTS

MANY OF THE PARTICIPANTS ARE IN NEED OF MULTIPLE SERVICES WHICH INCLUDE TRANSPORTATION, CHILD CARE, REMEDIAL EDUCATION, AND WORK

EXPERIENCE. UNDER CURRENT JTPA CONTRACTS, TRANSPORTATION REIMBURSEMENTS ARE ALLOWABLE, BUT THE OTHER SERVICES ARE NOT.

2. ATTRITION/ENROLLMENT PENALTIES

CONTRACTORS ARE PENALIZED FOR ENROLLEES WHO DO NOT COMPLETE THE TRAINING, EVEN IF THE REASON FOR DROPPING OUT IS BEYOND ANYONE'S CONTROL. FOR EXAMPLE: ILLINESS, A DEATH IN THE FAMILY, OR LACK OF SUPPORTIVE SERVICES. SINCE URBAN LEAGUE PROGRAMS DO NOT LEND THEMSELVES TO AN OPEN ENTRY/OPEN EXIT FORMAT, BACK FILLING CLASSES IS NOT POSSIBLE. AS A RESULT, ATTRITION OFTEN PREVENTS MEETING PROJECTED PLACEMENT GOALS.

3. PROGRAM EVALUATIONS

CONTRACTOR EVALUATIONS ARE BASED ON A PROGRAM OPERATING PLAN (POP) WHICH IS PREPARED 13 MONTHS IN ADVANCE OF THE CONTRACT START DATE. THE PURPOSE OF THE POP IS TO PREDICT THE NUMBER OF PARTICIPANTS SERVED IN A GIVEN MONTH. THE POP IS, IN FACT, A PROJECTION AND SHOULD NOT BE USED AS AN EVALUATIVE TOOL. THIS IS ESPECIALLY TRUE BECAUSE THE POP CANNOT BE CHANGED AT ANYTIME DURING THE CONTRACT. THREE MONTHS PRIOR TO THE END OF EACH CONTRACT, THE PIC EVALUATION COMMITTEE REVIEWS THE POP AND COMPARES IT TO ACTUAL PROGRAM PERFORMANCE. IF CONTRACTOR PREDICTIONS ARE ACCURATE FUTURE FUNDING IS NOT A CONCERN. IF THE PREDICTIONS ARE NOT, THE PROGRAM IS IN JEOPARDY.

SINCE THE POP REPRESENTS A PROJECTION, ACTUAL NUMBERS ARE INFULENCED BY A VARIETY OF FACTORS. AMONG THEM:

- A SHRINKING APPLICANT POOL COMPRISED OF DIFFICULT TO SERVE TARGET POPULATIONS, i.e., AFDC RECIPIENTS, SINGLE PARENT HEADS-OF-HOUSEHOLD, ESL (ENGLISH AS A SECOND LANGUAGE) GROUPS AND THOSE REQUIRING BASIC SKILLS REMEDIATION.
- COMPETITION WITH OTHER JTPA CONTRACTORS AND PRIVATE BUSINESS COLLEGES THAT OFFER CASH INCENTIVES EQUAL TO MINIMUM WAGE

4. JOB PLACEMENT

PROGRAM PARTICIPANTS MUST BE PLACED IN UNSUBSIDIZED EMPLOYMENT WITHIN 90 DAYS OF PROGRAM COMPLETION. IN ORDER FOR PAYMENT TO BE MADE TO THE CONTRACTOR, PARTICIPANTS MUST RETAIN EMPLOYMENT FOR 30 DAYS. SOME PARTICIPANTS DO NOT SECURE EMPLOYMENT IN THE 90 DAYS ALLOTTED. HOWEVER, WHEN EMPLOYMENT IS OBTAINED IT IS USUALLY THE RESULT OF THE SKILLS ACQUIRED DURING THE TRAINING. JTPA DOES NOT PROVIDE EVEN PARTIAL PAYMENT UNDER THESE CIRCUMSTANCES.

5. CASH FLOW

FUNDS ARE NEEDED TO OPERATE THESE PROGRAMS PRIOR TO THE FIRST ALLOWABLE BENCHMARK. ALL ADVANCES ON THE CONTRACT MUST BE SECURED BY PERFORMANCE BONDS WHICH ARE DIFFICULT FOR COMMUNITY BASED ORGANIZATIONS TO OBTAIN. AS A RESULT, URBAN LEAGUES ARE FORCED TO SECURE LOANS, REPAYABLE AT THE RATE OF 21%, TO OPERATE PROGRAMS. INTEREST PAYMENTS ARE NOT CONSIDERED ALLOWABLE CHARGES UNDER JPTA CONTRACTS.

6. INCOME RESTRICTIONS

JTPA GUIDELINES ALLOW INDIVIDUALS NOT MEETING THE LOW INCOME REQUIREMENT TO ENROLL IN CLASSES IF AND WHEN THERE ARE BARRIERS TO EMPLOYMENT. THEIR NUMBERS CANNOT EXCEED 10% OF THE SDA POPULATION. SOME SDAs DO NOT MAKE USE OF THIS PROVISION, SINCE THEY HAVE NOT DETERMINED A FORMULA FOR DISTRIBUTING AVAILABLE SLOTS TO CONTRACTORS. INDIVIDUALS ARE OFTEN EXCLUDED FROM TRAINING BECAUSE THEIR INCOMES EXCEED EXISTING GUIDELINES BY MINISCULE AMOUNTS.

7. OTHER

- PERFORMANCE BASED CONTRACTING PLACES STANDARDS AND RESTRICTIONS THAT LEAD TO "CREAMING" e.g., THE ENROLLMENT OF INDIVIDUALS MOST LIKELY TO BE SUCCESSFUL IN TRAINING, AS OPPOSED TO THOSE MOST IN NEED OF IT.

- IN SOME COMMUNITIES WE FIND THAT PRIVATE SECTOR LEADERSHIP IS NOT INVOLVED AS ENVISIONED. LOWER LEVEL MANAGEMENT PERSONNEL SERVES ON THE PIC AND THEY ARE OFTEN UNABLE TO DELIVER IN TERMS OF JOB OPPORTUNITIES FOR PERSONS TRAINED THROUGH THE PROGRAMS.

- INADEQUATE JPTA FUNDS IN VIEW OF THE NEED, e.g., IN ONE COMMUNITY THERE ARE 93,000 PERSONS ELEGIBLE FOR SERVICE, HOWEVER THE PIC IS ABLE TO SERVE ONLY 3,000 OF THESE.

ADDITIONALLY, THERE ARE SERIOUS PROBLEMS REGARDING CASH ADVANCES FROM PIC TO OPERATE JTPA SPONSORED PROGRAMS. WE ARE CONCERNED ABOUT THE NUMBER OF POTENTIAL CLIENTS WE CANNOT SERVE BECAUSE THEY LACK BASIC SKILLS REQUIRED FOR ENROLLMENT. SDA SUPPORT FOR AN ONGOING REMEDIATION THRUST DOES NOT EXIST, AND THE PROSPECTS FOR SUPPORT ARE BLEAK.

PERFORMANCE STANDARDS AND EVALUATIVE PROCEDURES CREATE A "CATCH 22" CIRCUMSTANCE THAT MAKES IT DIFFICULT TO SERVICE IMPORTANT TARGET GROUPS, i.e., AFDC RECIPIENTS, AND INDIVIDUALS LACKING BASIC SKILLS. AN OPEN ENTRY/OPEN EXIT STRUCTURE CREATES ADDITIONAL DIFFICULTY UNDER OUR PRESENT CONTRACTING MODE. UNDER PERFORMANCE BASED CONTRACTING, PROGRAMMATIC PERFORMANCE BASED CONTRACTING, PROGRAMMATIC PERFORMANCE GOALS, TIME FRAMES AND MONITORING CRITERIA NEGATIVELY IMPACT THE ABILITY TO PROVIDE INDIVIDUALS WITH SKILLS THAT ENSURE LONG TERM EMPLOYMENT. WE ARE INSTEAD, RESULT AND SURVIVAL FOCUSED.

Mr. MARTINEZ. Thank you, Mr. Cooper.

Toward the end of your testimony you talked about lower level management personnel serving on the PIC's. In some instances, people have testified that this may be a particular ill to a particular PIC somewhere. But any of them that have testified that lower level management are not usually members of the PIC's.

Do you have any kind of statistics that indicate this might be universal, that there are always some lower level management selected to serve on the PIC?

Mr. COOPER. Remember, I prefaced my comment by saying that I have drawn from 12 separate communities in 5 States. Not all of this is applicable to every community. I would be delighted, though, to get you some specifics from the cities that are affected. No problem.

Mr. MARTINEZ. Would you? Thank you, because I think we need to know that.

Mr. COOPER. Right.

Mr. MARTINEZ. One of the things I know about is the small business community, because I was in small business for myself for some 20-odd years. And I realize, too, what a contribution small business makes, and is never actually acknowledged by anybody. You have there 98 percent—I always thought it was 89 percent, but what is the difference—but comprise so much of the percent of total businesses in the United States. Your numbers seem very accurate.

Many of them, because of the extra curricular paperwork involved in applying for a Federal program stay away from it and they really do not take advantage of them.

Do you find, in your experiences, that small business is not taking advantage of the JTPA Program at all, or that very few are?

Mr. ACCARDO. I have to speak very limited from my own experiences in what I have tried to do. The 89 percent is 19 employees or less so it moves down. The NFIB tries to look at it in a broad sense, but indeed, it moves on, like you are suggesting, as a small businessman would.

I have a stack of those opportunities that I pursue, a big meeting in Arizona, and things like that. And as a small businessman, you become very tuned into what is this next opportunity, what is the odds of getting something like this. And when you go to these organizations, let us get it down to the small business, again, from my point of view, we would all like to try but there is always a need to get them started.

Even after that, when you sit in a room that all these opportunities are being given you and all you have to be is to be a qualified small businessman—typically, two teachers could come together, form a corporation, and where that money was allocated to that system for that kind of science, those two men leave that where they were getting the money before, become a small businessman and the money still goes to him.

There is—availability of small business to achieve that labor that you are selling or that product that you are trying to see, is normally very high technology. I read all those books and try to plug myself into them. It is very, very, very difficult.

But we do know that we could cover 90 percent of all of them, but we could not fit exact contracts. It is not flexible enough. It truly needs some help to be very flexible. Not a give-away program, I do not think you can give a businessman money that he is going to throw away. It just needs more flexibility.

It is very well done, the SBIR group is very good at it. Their offices are very receptive, everything works. But for the small businessman who does have limited time and he is basically an individual who has moved as an entrepreneur, as they say, but in reality he is just a father and now he is raising a different kind of family. In fact, that is where education starts is how to make a child responsible. How to make a worker want to work I think is the first step in any training. I do not know what education will work if you do not start there.

So that factor that two-thirds of our people stem from small business is a very important factor. We are having difficult times. We are a union designed by demand. If there is no demand, there is nothing there. And we can create a business out of washing windows, but it is not going to work if nobody wants you to wash their windows. We can create a lot of jobs, there is no problem what the job is.

I started an industry, it started with antennas. And everybody asked me, is that all you do is antennas? I said yes, I am going to do it professionally, though. Well, we grew in the 17 years to a very professional company. One of the results of our efforts and our push, we create so many things that kill us, backdoor. I am losing a man in the next 2 weeks that I have had 9 years. He is 61, he is going to start his own business.

So small business has a responsibility of staying ahead. He does not have any advantages, none whatsoever. Every advantage is taken away. So soliciting by NFIB is very deeply felt from all of us in that you are going to have to be creative. We need something that really says let him grow.

I guess everybody has a policy to go as far as they can, but all of that hope is being gradually nudged away from the small businessman, small little things. We have cities having a hard time, so we protect them against antitrust. They will put in a clause in my basis that there is going to be a big building in town. We are not allowed to have antennas, they can only buy cable because they get 5 percent of the cable company. For me to take that little antitrust and haul it into Federal court—and Mark Fowler, I write him letters continuously, what can he do for the small guy?

Well, the only thing that our Federal levels say is, take it to court. It will get corrected there. Not enough. And it is the sincerity that reaches to small little things. But we decree that the small businessman is your hope and we need help in that arena.

Mr. MARTINEZ. Thank you. In the JTPA Program, community-based organizations play an integral part, and you have worked with a lot of community-based organizations.

What should those community-based organizations do if they want to become more active players in establishing training and employment programs?

Mr. COOPER. One of the big handicaps that our organizations or agencies are encountering is very interesting. The charge that

there is a conflict of interest if we serve on the PIC, the charge is not leveled in education, it is not leveled in any other area, also into the service delivery area. To be involved, once you have overcome that hurdle, is to develop a vehicle by which you have the mechanism to be accountable and to deliver around an area of need.

We have in this area some PIC's that will not contract with community-based organizations at all. They go to the private sector.

Mr. DYMALLY. Mr. Chairman.

Mr. MARTINEZ. Yes.

Mr. DYMALLY. I cannot let this observation go unattended. I am really troubled by people who make charges of conflict of interest without understanding the nature of conflict of interest.

The charge of conflict of interest can be leveled against people who benefit financially or through other ways from a particular program. But the Urban League is a nonprofit group. It is not a profitmaking group. No single individual benefits from a job which somebody else gets, unless it is his wife, and I hope that he does not indulge in that sort of nepotism.

And so these charges of conflict of interest are leveled so carelessly, without any careful thought, without any understanding of the meaning of conflict. Conflict was designed to avoid personal gain, personal profit. You cannot charge a nonprofit group in the job of administering job placement with conflict of interest. It is a very outrageous charge.

Mr. MARTINEZ. Unless that community-based organization's person sitting on one PIC forced the other members—and I cannot see that possibly happening—to award all the contracts to him. In the first place, that particular individual probably would not provide all of the kinds of training that the PIC expends moneys for.

I agree with Mr. Dymally in that it is ludicrous. And I think what the problem might be is finding someone from an organization like yours to serve on that PIC, and not exclude them. Then maybe more community based organizations would have better contact, knowledge, and better evaluation of their expertise in providing those services. That might be one of the ways to do it.

Mr. COOPER. It is a fight that many of our affiliates, including Los Angeles give us proof annually at contract renewal time.

Mr. MARTINEZ. Thank you, Mr. Cooper.

Mr. COOPER. Thank you.

Mr. MARTINEZ. Mr. Hayes.

Mr. HAYES. Thank you, Mr. Chairman.

I will be very brief. God knows I agree with much of what you said, Mr. Accardo. Small business is a source of employment. And one of the best ways to find a solution to reducing this huge deficit which the Federal Government is operating under, is to begin to broaden its tax base, which means the people who are out of work find ways and means to employment so they can start paying taxes.

Unfortunately, I do not know what the experience is, but generally I have been in the hearings. I am a part of the Small Business Committee and we have had hearings in several parts of the United States. Small businesses are being suppressed in many

areas to the point of where chapter 11 numbers are increasing. You know, they cannot compete.

Even in the defense industry I have found out that procurement contracts are hard to come by for certain small businesses in competition with Rockwell and the Nationals and some of the rest of them, and in the electronics field.

Of course, it is of certain advantage to some of the people who are in Government who have the authority to elect contracts to deal with people who are going to take care of them when they retire. You know, I am just laying it out like it is. We find this is part of the problem.

I do not know what we are going to do about it. I do not think we are really moving to tackle the problem. But small business is hurting, it is hurting and these are jobs that are being lost when they could be jobs where we could expand. And it goes into the whole educational field, too, training.

Which brings me around to the question I want to ask of you, Mr. Cooper. You made a statement that was quite clear that the Urban League on the west coast and affiliates operate 35 different projects serving 14,000 persons, with funding from the local private industry and private sector totaling $7,146,773. That is all from private and those sources that you enumerate there.

The only source of Federal funds come through JTPA, is that right?

Mr. COOPER. For employment training, yes.

Mr. HAYES. Do you know what that percentage is, in the area?

Mr. COOPER. No, I do not, Congressman. I have some figures, but I do not have it for all of the city so I cannot give you an intelligent answer on that.

Mr. HAYES. I notice you say, too, that you cannot serve those who are hurting the most. The prospect is you are going to get less funds which means you will do less than what you have been doing. This is what really shakes me up. And I know the Urban League, which I am a part of in Chicago, is certainly interested in this whole program because we have got minorities.

Youth in Chicago, one employment ratio is running as high as 60 percent. The dropout ratio among kids who entered high school in the ninth grade who do not finish is roughly around or better than 50 percent or close to 50 percent, I should say. And it is an alarming situation. But the way we are going now, I do not know what we could do about it, unless we begin to button up and fight back.

Mr. COOPER. The pool of disadvantaged unemployed keeps growing.

Mr. HAYES. That is right. The poverty ratio is rising, yet we are being told things are good.

Mr. COOPER. JTPA—we take a few out at the top for training and such, but that steady in-flow increases more rapidly than we take out. And the pool grows larger. And it so happens that the JTPA funds are the only resources that are really available because the voluntary sector and most all of our affiliates receive their basic funding from the United Way. That money is far too limited to even begin to cope with the problem.

Now, we do cooperate with industries, business and industries, with their own programs independent of any JTPA activities what-

soever. But even that is not enough to meet the growing need. And you are going to have to make a commitment to want to do for people. In some communities we see the PIC council philosophy of what is going to be good for business and industry using this tool instead of using it to do for people who have needs.

Mr. HAYES. Thank you, Mr. Chairman.

Mr. MARTINEZ. Thank you, Mr. Hayes. Mr. Dymally.

Mr. DYMALLY. Mr. Accardo, I do not know if NFIB has done a summary on the tax reform measure yet so I am probably raising a question which you have not yet put before the forum here.

But I am curious as to whether they wrote in any tax incentives or tax breaks for small business in that tax reform measure, and that is something we need to look at to see to what extent did you benefit or did you suffer any setback in that tax measure.

Mr. ACCARDO. I cannot answer that directly. When you are in negative sales, nothing works. And a lot of business is designed to stay in negative sales. You know, when a guy tries to—as best he can, you know, he has always got one too many employees. So I can directly answer that. I will try and find you those figures, though.

Mr. DYMALLY. In anticipation of my absence, I want to apologize to IBM and Marriott. But I have read the IBM statement and I would like to get a copy of the Marriott statement. I must leave to join Congressman Bates in San Diego very shortly. Thank you very much.

Mr. MARTINEZ. Thank you. Thank you both for appearing before us. We appreciate your testimony.

I would like to call up the two people that were just mentioned, Ms. Janet Tully, manager of Community programs, Marriott Corp.; and Jack Sabater, director of community programs, IBM Corp.

Mr. DYMALLY. You can start as you want, Ms. Tully. Thank you.

Ms. CRAGIN. Mr. Chairman, I am Carolyn Cragin representing Ms. Tully today for Marriott Corp.

Mr. MARTINEZ. OK. Could you spell the name?

Ms. CRAGIN. C-r-a-g-i-n.

Mr. MARTINEZ. All right. We will start with you, Mr. Sabater.

STATEMENT OF JUAN SABATER, DIRECTOR OF COMMUNITY PROGRAMS FOR THE INTERNATIONAL BUSINESS MACHINES CORP.

Mr. SABATER. Thank you. My name is Juan Sabater. I am director of community programs for the IBM Corp. I welcome this opportunity to tell the subcommittee about IBM's involvement in training programs for the disadvantaged. A prepared statement and several attachments are provided for the record and I ask that they be included.

Mr. MARTINEZ. So ordered.

Mr. SABATER. As requested, my oral testimony will be brief.

Since 1968, IBM has been working with local business and community organizations and cities with high unemployment to provide training and data and word processing and other skills to those who cannot afford commercially available training.

Currently, IBM is involved in 64 major centers, teaching advanced skills for word processing, data entry and computer related operations to the economically disadvantaged, plus 40 small centers

teaching basic typing skills and 30 other centers established to teach computer programming to severely physically disabled individuals.

The two other programs I described in my written statement, but in the time allocated I will confine my oral remarks to the major centers.

Advisory committees, made up of local business people, determine the job skills to be taught at these 64 centers based on their community labor market needs. IBM loans the training equipment, such as personal computers and typewriters; provides student supplies, such as textbooks and classroom materials; and assists in the implementation of the programming, included, if needed, lending employees as instructors to begin operation.

A community-based organization runs the center, recruits and selects the students, counsels them, provides placement assistance and raises the funds to cover operating costs.

The first IBM-sponsored center was opened in Los Angeles in 1968 in conjunction with the National Urban League and the Bank of America. The center, by the way, is celebrating its 18th anniversary today with a graduation ceremony.

Additionally, IBM also participates in two other centers in this area with SER-Jobs for Progress in Santa Ana and the Cleland House in east Los Angeles. I will be happy to speak in more detail about these Los Angeles area centers during the discussion period. And, by the way, we also have two major centers in Chicago, one with the Urban League and one with the Spanish Coalition.

Nationally, 29 programs are administered in partnership with the Urban League, 14 with Opportunities Industrialization Centers, 6 with SER-Jobs for Progress, and 15 with other local nonprofit agencies.

More than 14,500 people have completed training in the 64 centers that are teaching advanced skills; 82 percent of those graduates have found jobs. In 1985 alone, 5,550 people enrolled in the program and 4,550 graduated for a completion rate of 82 percent. As of June 30, 1986, 86 percent of those 1985 graduates had been placed in jobs.

Community-based organizations involved in these programs obtain their funding from Job Training Partnership Act contracts and from contributions from companies and/or foundations. Some of the centers are totally dependent on JTPA funding, while others receive only private sector support.

Our experience has been that business support is most freely available in communities where companies have corporate or divisional headquarters. Cities with few such headquarters or operations tend to be more dependent on JTPA funding. Either way, however, IBM is convinced that these programs are a good community investment.

Earlier this year IBM conducted a study to attempt to quantify the financial impact of these centers on their local economies using a return-on-investment approach. The conclusion reached was that there was a direct and significant return to the community at large from these programs.

From just the 1985 graduates, just the 1985 graduates, in their first year after training at a cost of $11 million, the economy bene-

fited directly in three ways: $35.3 million in purchasing power of new wager earners, $11 million in taxes in paid, and $7 million in savings on public support payments. And that is from the 1985 graduates in their first year.

Indirectly the benefits of having previously unemployed citizens now productive, taxpaying members of the community are incalculable. Each community-based organization participating in the program has been provided with local data to assist them in telling their story to a local business community and private industry councils. We hope that this information will enable them to build their funding base, get money and support from other private industry, so that they can increase the number of people served. The prepared statement has an attachment explaining the methodology used in this study.

Why does IBM engage in this activity? We have three reasons. First, because we feel our business know-how enables us to make a useful contribution. Second, because we believe successful training adds to the pool of skilled manpower needed in the information society that is our marketplace. And third, because in IBM we are convinced that we can only succeed as a commercial enterprise if the communities to which we belong are in a healthy condition, both socially and economically.

Thank you for this opportunity to describe our programs. I will be glad to respond to any questions.

[The prepared statement of Jack Sabater follows:]

[Additional material was submitted by IBM—retained in subcommittee files.]

PREPARED STATEMENT OF JACK SABATER, DIRECTOR, COMMUNITY PROGRAMS, IBM CORP.

International Business Machines Corporation (IBM) welcomes the opportunity to testify before the Subcommittee on Employment Opportunities on the important matter of private sector involvement in training programs for the disadvantaged.

IBM is involved with training programs for the disadvantaged for three essential reasons.

First, because we feel our business know-how enables us to make a useful contribution. Second, because we believe successful training adds to the pool of skilled manpower needed in the information society. Third, because in IBM we are convinced that we can only succeed in a commercial enterprise if the communities to which we belong are in a healthy condition, both socially and economically.

In our Corporate responsibility programs, priorities are given to initiatives where a viable partnership can exist with our employees, other companies and other organizations. By drawing upon its corporate skills, IBM hopes to contribute to the solutions of community problems as well as to the attainment of its goals.

We set criteria to guide our community involvement. IBM wants its employees as well as its equipment and dollars involved in its community programs. We want to be successful. IBM is after results, not just good intentions.

IBM wants to help communities help themselves. Our attention is focused on support to education; support to local organizations responding to the needs of the disadvantaged, disabled, elderly, minorities, and women; support to preventive, hospital, and rehabilitative health services; support of cultural activities; and job training programs.

Some of the specific programs now in place are explained in the enclosed brochures. IBM's job training programs will be explained further here.

IBM JOB TRAINING PROGRAMS FOR THE DISADVANTAGED

THE CHALLENGE:

Demand for certain job skills has increased substantially, yet unemployment persists. IBM believes this problem must be attacked head-on with partnerships between the private sector, government, and local community based organizations (CBO).

IBM's Approach:

IBM has been working with local businesses and community organizations in cities with high unemployment to provide training in data and word processing to those who cannot afford commercially available training. Currently, 64 "major centers" teach advanced skills for word processing, data entry and computer related occupations to the economically disadvantaged. Additionally, 40 "small centers" teach basic typing skills, and 30 centers have been established to teach computer programming to severely physically disabled individuals.

Major Job Training Centers:

These centers target economically disadvantaged individuals who cannot afford commercially available training. The training is offered at no charge to the participants. Advisory Committees, made up of local business people, determine the job skills to be taught based on their community's labor market needs. IBM loans the training equipment, provides student supplies (textbooks and classroom material), and assists in the implementation of the program. This includes loaning IBM employees to serve as instructors if required during the first three years of operation and helping the center develop the curriculum. The community based organization runs the center, recruits/selects the students, counsels the students, provides placement assistance, and raises the funds from both public and private sector sources to cover operating costs.

The first IBM-sponsored center was opened in Los Angeles in 1968 in conjunction with the National Urban League and the Bank of America. This partnership was an outgrowth of the need for the business community to address the problems of that area's disadvantaged population. Other companies have joined in support of this community effort. In addition to providing operating funds, other companies are donating "in-kind" support such as personnel on loan to instruct the students.

IBM's participation in that center continues today with the loan of the training equipment that includes an IBM 4331 intermediate range computer system, IBM Typewriters, and IBM DisplayWriters. Over the last 18 years, 37 employees from IBM have been on loan to the center serving as instructors or managers. The average assignment was for one year.

Additional centers in the area have been established with SER-Jobs for Progress in Santa Ana, and Cleland House in East Los Angeles. Equipment on loan in these centers include IBM Typewriters, DisplayWriters, Personal Computers, and computer terminals connected via telephone lines to the Urban League's IBM 4331 system.

On a national basis, 29 programs are now being administered in partnership with the Urban League, 14 with Opportunities Industrialization Centers (OIC), 5 with SER-Jobs for Progress, and 15 with other local non-profit organizations.

Since 1968, more than 14,500 people have completed training in the 64 centers that are teaching advanced skills such as word processing, personal computer operations, programming and data entry. 82% of the graduates have found jobs. In 1985, 5,550 people enrolled in the programs and 4,550 graduated, for an 82% completion rate. 81% of the enrollees have completed training in the last three years. As of June 30, 1986, 86% of the 1985 graduates were placed in jobs. In each of the last three years, the placement rate has exceeded 86%. In the second quarter of 1986, enrollments exceeded 2000 for the first time since the program was implemented.

At the present time, the equipment and IBM employee resources on loan to the centers are valued at nearly 18 million dollars. We loan IBM employees as instructors for up to three years to allow the organization time to develop their own instructional staff. Equipment maintenance, software, and student supplies are also provided free of charge.

Many of the centers have "feeder programs" to allow applicants to upgrade their basic skills in order to qualify for the advanced training. This includes building their keyboard skills and providing remedial instruction in English, Math and Reading comprehension. These feeder programs allow the centers to serve that segment of the population often bypassed by traditional job training programs.

Each program determines their entry level criteria for advanced training. Typically this includes:

- 25-35 Words Per Minute (WPM) keyboard skills;
- 8th grade English, Math, Reading comprehension levels;
- Income level to qualify as "economically disadvantaged;"
- A subjective assessment as to the applicants "motivation level" to take advantage of the opportunity to learn a marketable skill and enter the labor market.

Course outlines and class lengths are set with the following goal in mind - to teach a marketable skill in a reasonable length of time so the participants can enter the job market as quickly as possible. Typically, a word processing class will last 14-16 weeks. The training is intensive, with students attending class five days a week, 6-7 hours per day. Homework assignments average two hours per night. In word processing a student must usually attain a typing speed of 50-60 WPM and complete all classroom assignments on both technical and non-technical course modules to qualify for graduation.

In addition to technical skills training, centers may also offer course modules on the following subjects:

- Business English
- Math
- Résumé Writing
- Interviewing Techniques
- Communication Skills
- Job Search Skills
- "Dressing for Success"
- Time Management
- Interpersonal Skills
- Telephone Etiquette
- "World of Work" perspective

The centers obtain their funding from Job Training Partnership Act (JTPA) contracts and contributions from companies/foundations. They are encouraged to build as broad a funding base as possible and to solicit in-kind contributions such as loaned personnel, facilities, furniture, and supplies from local companies.

Some of the centers are totally dependent on JTPA funding. Others receive only private sector funding. In Houston, for example, 40 companies contribute to the operation of the center with no JTPA funding involved. We have found that a company is more apt to contribute to a local program in the community where they have their corporate or division headquarters. This works fine in a city like Houston, but cities with few headquarters become more dependent on JTPA funds. We take a lead role with our commitment to job training in a community, but we expect the community based organization to assume a leadership role in attracting other business partners. We assist them in forming Business Advisory Councils, developing fund-raising strategies, and making presentations to business leaders. As a program matures and has something to show in the way of results, other companies are more inclined to join the partnership.

Because of the vital role the Private Industry Councils play in their local communities, we have encouraged our local senior management to seek appointment to the Private Industry Councils (PICS). At the present time we are represented on 51 local councils and five state coordinating councils.

Recently a study was done by IBM to quantify the financial impact the centers are having on their local economies. By taking a "Return on Investment" approach, the CBOs have been provided with a technique to measure the success of their programs in "business terms". A copy of the methodology and results of the most recent study are included in this package. In summary, data was gathered from the centers that had been in operation for at least nine months during 1985. All 1985 graduates from these centers who were placed in jobs as of March 31, 1986 were included in the analysis. It showed that 84% of these 1985 graduates were placed in jobs with an average starting salary of $11,687. Total annual income was $43.3 million and the amount being returned to the government in the form of taxes and FICA payments was $11.0 million. 44% of the participants had reported that they formerly were receiving $7.4 million in public support payments. The average cost per placement was $3,091. This cost does not include the IBM equipment being loaned or other in-kind support such as loaned personnel.

IBM's conclusion is that there is a significant return on investment to the community from these programs. From just the 1985 graduates, in their first year after training, at a cost of $11.4 million, the economy benefited directly in three ways:

- $35.3 million in purchasing power of the new wage earners,
- $11.0 million paid in taxes,
- $7.4 million in public support payments saved.

In addition, the community benefited indirectly by having people working who were formerly unemployed. The results from a human relations standpoint is difficult to quantify but is a significant factor.

We have provided each center their local data to enable them to "sell their story" to the local business community and Private Industry Councils. By doing so, they can continue to build their funding base and increase the number of people served.

A management system has been established to ensure ongoing monitoring and support. A local IBM manager is designated as the liaison contact for each center. Responsibilities include participation on the Business Advisory Council, assisting in upgrading the equipment as appropriate, arranging for instructor training if required, and monitoring program performance. Two full time IBM representatives provide staff support and expertise to the local programs. This includes on-site visits and making recommendations to optimize program operations. Quarterly reports submitted by the centers provide enrollment, completion, and placement data. Centers not meeting standards are offered support and advice to raise their performance levels.

A study is currently being sponsored by IBM to design a follow-up system to track graduates for up to one year after placement. A job training program needs to measure job retention, not just job placement, as a measure of success.

IBM will add additional centers in cities with significant numbers of unemployed and underemployed individuals. We will do this in response to proposals from qualified non-profit community based organizations. We ask three basic questions:

- Does this community need a center?
- Does the community want a center?
- Is the funding support available?

Summer Youth Program

In 1984, IBM and ten job training centers initiated a "Summer Youth Work/Study Program" in an effort to help high school students who are potential drop outs. The program, aimed at disadvantaged youths, combines a work experience with an educational component that reinforces basic academic skills. $25,000 grants are awarded on a competitive basis. Twenty grants were awarded in 1985, and twenty-one in 1986.

Each program receives an on-site visit to assess its results. In 1985, 420 students were served and measurable gains were reported in Math, English and Reading levels. In 1986, the CBOs were encouraged to secure additional funds in order to serve more youth. As a result, over 800 participants enrolled in this year's program.

Small Job Training Centers:

40 additional centers teaching basic typing skills to the disadvantaged are supported through the loan of typewriters. In 1985, 2,710 participants were enrolled, 2,140 graduated and 1,620 placed in jobs. Through the years, some centers have been upgraded to teach advanced skills such as word processing. When that happens, they become major centers and part of the program previously described.

Programming Training for Severely Physically Disabled:

IBM has worked with local rehabilitation agencies to develop and maintain computer programmer training and placement programs for severely physically disabled persons who are not able to take advantage of commercially available training. The students in these programs have been certified as disabled by the appropriate vocational rehabilitation agencies.

IBM acts as the initiator and catalyst, helping to develop the program from community resources. Our objective is to establish local programs, under local leadership, directed toward local needs. In addition to helping form the Business Advisory Councils that are the cornerstone of these programs, IBM has loaned training equipment to qualified agencies and helps design the curriculum.

Since 1974, over 1800 individuals have graduated from these programs and 82% have been placed in jobs. 260 of the 1985 graduates had an average starting salary of $18,000 per year.

Additional information on these programs is included in the enclosed IBM brochures:

- "Partners in Training"
- "IBM Programs in the Community, Education and the Arts"
- "Equal Opportunity, Affirmative Action and Community Programs in IBM"

Mr. MARTINEZ. Thank you very much, Mr. Sabater. Ms. Cragin.

STATEMENT OF CAROLYN CRAGIN, COMMUNITY EMPLOYMENT AND TRAINING COORDINATOR, MARRIOTT CORP.

Ms. CRAGIN. Marriott Corp. has always been involved with programs to help the disadvantaged and disabled. In the past 5 years we have been able to become more involved with these programs through the help of targeted-jobs tax credit, the Joint Training Partnership Act, and various on-the-job training programs.

These programs have brought the hard-to-place worker into the limelight and made him more hirable. We now to look to place disadvantaged workers in our divisions and have created a department within our corporate structure to deal solely with these workers.

Throughout the United States we work directly with the job services in placing employees. A large emphasis has been placed on working with school districts nationwide and placing funded special education students. Programs are also in place that work with the deaf, blind and physically disabled.

As a corporation, we see funded training programs as a godsend for the disadvantaged. Having these programs allows us to hire individuals who may need intensive or extensive training. Many applicants eligible for Government training are welfare recipients and the chronically unemployed, many of whom have little or no work experience.

With no work history, these individuals would normally be the last to be hired. With a training program, we know that we will be able to take the extra time to train this employee to our standards, and that he or she will not be expected to walk in off the street ready to work. We expect that the employees we hire are experienced and capable of adapting to our policies and procedures and that our training emphasis will be on customer relations.

Many disadvantaged groups need basic training in grooming, attitude and handling of public on the job. In our fast-paced industry we do not have the time or the resources to train employees in these most basic of needs. Customized training programs set up by community based organizations, with the help of Marriott, have trained applicants to be interview-ready for us, thus making them easier to place.

The Emergency Veterans Training Act has allowed us to place many Vietnam Veterans in service and management careers. Our Marriott/HOST division uses this program to staff many of its positions at our airport facilities, and Bob's Big Boy uses it as a source of recruitment for their management positions.

Along with the advantages of placing disadvantaged individuals with our company, we have found that the network of job service offices, community-based organizations and special interest groups has helped us to spread the word about employment needs within our company. Disadvantaged people may not be aware of the career opportunities with Marriott. With our contacts in these different organizations, we are able to recruit a broader range of people than would normally be accessible to us.

In conclusion, we would like to emphasize the fact that Government-funded training programs do work. They help disadvantaged people from all walks of life find gainful employment. It allows displaced workers to learn new skills and start new careers, and allows welfare recipients a chance to find a job regardless of their experience. It also allows us, as a company, the freedom of time to be able to adapt jobs and positions for the physically and mentally disabled.

Our company strongly supports funded training programs, and will continue to work with, and rely on them in upcoming years for our employment needs.

On a personal side, I would like to mention the fact that I have had lots of personal contact with the JTPA Program. And although it is a good program, it does limit the jobs that can be obtained by people trying to find work.

In our Bob's Big Boy division, when I called to place a job order with a community-based organization, they will not even talk to me unless I can start these employees off at $5 an hour, which excludes anyone who is a tipped employee and makes less than that.

A lot of times the people who come from disadvantaged groups would be very good waiters, waitresses, serving personnel, but need basic skills on how to dress, how to groom, how to go to an interview. And they cannot get this training because we cannot start them because of the tipped amount at less than $4 or $5 an hour. So this cuts out a broad range of people and I think it should be noted.

[The prepared statement of Carolyn Cragin follows:]

Prepared Statement of Carolyn Cragin, Marriott Community Employment and Training Coordinator

Marriott Corporation has always been involved with programs that help the disadvantaged and disabled. In the past five years we have been able to become more involved with these groups through the help of the Targeted Jobs Tax Credit, The Joint Training Partnership Act, and various On the Job Training Programs. These programs have brought the hard to place worker into the limelight and made him more hireable. We now look to place disadvantaged workers in our divisions and have created a department within our corporate structure that deals solely with these workers.

Throughout the United States we work directly with the Job Services in placing employees. A large emphasis has also been placed on working with school districts nationwide in placing funded special education students. Programs are also in place that work with the deaf, blind and physically disabled.

As a corporation we see funded training programs as a godsend for the disadvantaged. Having these programs allows us to hire individuals who may need intensive and extensive training. Many applicants eligible for government training are welfare recipients and the chronically unemployed, many of whom have little or no work experience. With no work history these individuals would normally be the last hired. With a training program we know that we will be able to take the extra time to train this employee to our standards, and he or she will not be expected to walk in off the street ready to work.
We expect that the employees we hire are experienced and capable of adapting to our policies and procedures, and that our training emphasis will be on customer relations. Many disadvantaged groups need basic training in grooming, attitude and in handling the public. In our fast paced industry we do not have the time or the resources to train employees in these most basic of needs. Customized Training Programs set up by Community Based Organizations, with the help of Marriott, have trained applicants to be interview-ready for us, thus making them easier to place.

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In conclusion, we would like to emphasize the fact that government funded training programs do work. They help disadvantaged people from all walks of life find gainful employment. It allows displaced employees to learn new skills and start new careers, and allows welfare recipients a chance to find a job regardless of their experience. It also allows us, as a company, the freedom of time to be able to adapt jobs and positions for the physically and mentally disabled.
Our company strongly supports funded training programs, and will continue to work with, and rely on them in upcoming years for our employment needs.

Mr. MARTINEZ. Thank you.

Is there a minimum amount in the performance standards that, in order to fit the qualifications, you would have to place a person in a certain salary range?

Mr. BALCER. Yes.

Mr. MARTINEZ. Who said that?

Mr. BALCER. I did.

Based on a national average and pro rated back——

Mr. MARTINEZ. There is a minimum wage?

Mr. BALCER. There is a national standard, but it is adjustable to State levels and then the State level down to the local SGA level and then whatever the base is to come standard off of that base.

Mr. MARTINEZ. And the base is based on a particular type of job?

Mr. BALCER. Overall.

Mr. MARTINEZ. Overall.

We know that some jobs in some industries, say in certain kinds of construction, we are training the person for carpentry or something like that paying $15 an hour. But likewise, in a job like Ms. Cragin is talking about, the average of the industries jobs is not that high because there is that JTPA consideration in their salaries. That is not considered?

Mr. BALCER. It is one of the factors that can be folded into the formulation that it all depends on the skilled content in the ladder. I mean, it is a sliding scale. It is not, say in the Boston area jobs are relatively high, say $15 an hour it has to be $15 across the board. It is flexible.

Mr. MARTINEZ. It is flexible? But it is regional so that if the region has a certain average then——

Mr. BALCER. No, no. It is down to the local SGA. It is a local operation.

Mr. MARTINEZ. I think we need to look into that. I think that you are absolutely right. There are a lot of people who will go to work at $4.50 an hour, but if their tips are included it can average out to $12, $15 dollars an hour. I think if you are training a person for that job they should not be excluded. That is defeating your own purpose.

Ms. CRAGIN. And the problem is, it only meets the jobs open in our category and a lot of categories the ones that are most scrutinized like the cashiering position or a manager trainee position some of these disadvantaged people cannot qualify for those right off. So, it just completely cuts them out from working for us.

Mr. MARTINEZ. I am very interested. I am going to have my staff, Eric Jensen, be in contact with you to work some more details and find out how we can approach this to get more clarification so that people who are able to train for those kinds of jobs are not denied them.

One of the things I have to say right off the bat, and I said it to you earlier before the meeting started, is that I am really gratified by the kinds of efforts that IBM is making. I was especially impressed in Boston, MA, by their training center where so much of the equipment had been donated.

Mr. SABATER. The equipment is loaned and we also get free maintenance, free supplies, free textbooks. So, the advantage of

loaning it, by the way, Mr. Chairman, is that when the curriculum changes we can change the equipment to whatever is required.

Mr. MARTINEZ. The recent studies that you talk about in your testimony that was done on taking the return on investment approach. Can you provide that for us?

Mr. SABATER. Sure.

Mr. MARTINEZ. Can it be used as a basis for JTPA in terms of cost benefits?

Mr. SABATER. Well, the study is only for those centers that we support. Those centers get loaned equipment, support from private industry and also get JTPA support. Some of the centers do not even get JTPA, some of the centers are only private industry. So you have to take it within that context.

Mr. MARTINEZ. OK.

And the ones that do get JTPA support, is there some way of extrapolating out the return from them?

Mr. SABATER. Yes. The information that I have is only on the total operational cost, so I can extrapolate out the JTPA part and what they get from private industry. But I will make your staff completely available. We will cover the study in detail. We can cover it by center. We can cover it by State. We can cover it which ever way you want to, and we will make that data available.

Mr. MARTINEZ. Very good.

Evidently Charlie does not have any questions because he is grabbing his bag and heading for the airport.

Mr. HAYES. I have to catch a plane.

Ms. Cragin may be able to help me find my way. The Marriott Corp. is so antiunion now.

Mr. MARTINEZ. OK. Ms. Cragin will be in touch with you, sir. Thank you both very much for appearing before us.

Mr. SABATER. Thank you.

[Whereupon, at 12:08 p.m., the subcommittee was adjourned.]

[Additional material submitted for inclusion in the record.]

STEVE DUSCHA, QUESTIONS AND RESPONSES, CALIFORNIA STATE EMPLOYMENT AND TRAINING PANEL

1. In regards to employment and training, how do you see the role of governments changing in response to economic shifts away from basic industry?

   The shift from a manufacturing to a service economy, which has been in process for most of this century, may result in more jobs requiring higher level learning, or the shift may result in the simplification, or deskilling, of jobs. Analysts who have studied this issue have arrived at opposite conclusions.

   The more significant changes in the economy that have a direct bearing upon government's role in training and employment are the pace of economic and technological change and the internationalization of the American economy.

   The current rapid pace of technological change in which a product or a system may have a lifetime measured in months instead of decades means workers must be prepared for constant change and regular retraining. Deregulation and rapidly changing patterns of competition likewise mean change and a need for training. Such change affects all sectors of the economy. Service sector layoffs have become as prevalent as manufacturing layoffs.

   Perhaps even more fundamental a change in the economy that alters government's role is the changing world economy. A generation ago the only competition business faced was domestic competition. But today the United States is part of a world economy in which our economic well-being increasingly is dependent upon the decisions of the Brazilian government, and upon the economic and political stability of Mexico and the economic decisions of India and Saudi Arabia. To maintain the standard of living in this country in the face of those kinds of global economic changes and pressures of necessity means a larger role for government in economic affairs. Effective training programs are a natural focus for a portion of that new government role.

2. Do you think the federal government should expand its role in employment and training?

   Government at some level should follow the lead of the California Employment Training Panel in supporting job training that serves business and workers by helping make American products and services more competitive in the world economy. In California the Panel has found that government financial incentives can tip the balance within a firm and within a union in favor of training so that jobs and business

can be retained in this country. Such training must be practical and effective and meet the real world needs of business and workers.

3. What are the most effective ways to generate private sector interest in employment and training? Can the private sector generate employment even within current budget restraints? Might there be a need for some level of public service employment?

The Employment Training Panel has found in California that private sector support follows a training program that offers economic benefits to workers and to business. Interest in and support for government training provided through the Panel has come as a result of a program that results in higher profits for business, better wages for workers and more security of employment for the benefit of workers, business and society at large. A recently completed study of Panel trainees who completed training prior to June 30, 1985 compared each trainee's unemployment history and salary for the year before training with the year after training. The study found that after training the average trainee had 63 percent less unemployment and earned 55 percent more in wages. The benefits of training for a business must be as clear in terms of increased productivity and lower costs due to better trained workers.

However, training cannot solve all the nation's economic problems. The training and skills of workers is only one of many interlocking factors in the success of the economy. Capital, technology, management skills, entrepreneurship, and government actions, including overall economic policies and direct employment, all affect the health of the economy.

ADDITIONAL QUESTIONS

Responses provided by
Commissioner Jerry J. Naylor
National Commission for Employment Policy

These remarks reflect the views of Commissioner Naylor, who chairs NCEP's work group on the Job Training Partnership Act and presented the original testimony on September 5, 1986. They should not be regarded as representing the collective consideration of the National Commission for Employment Policy.

1. In regards to employment and training, how do you see the role of governments changing in response to economic shifts away from basic industry?

Economic shifts occur every day, every hour, and people change to adjust to them reasonably well, despite the hardship involved. No one can chart these changes in detail, and no one -- certainly not government -- can accurately predict the future needs of the workplace.

The American response to these facts has been, not to try to plan or manage the economy as a whole, but to let individuals make choices for themselves and their businesses that seem to respond best to the changing economic environment. Government's role has been to keep the playing field level and, otherwise, to get out of the way. For most people, this system works very well. Despite our European allies' elaborate employment and training policies, American business creates more jobs and provides much more training than its counterparts in Europe. We clearly are doing something right. Therefore, as we react to major changes in the American workplace, we must be very careful about interfering in the natural adjustments to a changing economic picture that most people and most businesses will make on their own.

With that as background, let me focus more directly on your question. The movement from goods-producing to service-producing industries that you highlighted is prominent among the profound changes in the American workplace since World War II, and that change is continuing. Of some 43 million wage earners in 1940, excluding domestic servants and the self-employed, 56 percent worked in industries that produced goods through farming, construction, mining, and manufacturing. In 1980, these workers accounted for only 31 percent of the total workforce. Conversely, from 1940 to 1980, the proportion of the Nation's workers in service-producing industries climbed from 44 to 69 percent. Ninety percent of all new jobs added to the economy from 1969 to 1976 were in service occupations. By 1990, 72 percent of the labor force will be employed in industries that produce services.

Another way of describing the change, from the worker's viewpoint, is that we are seeing relatively more jobs in lower-paying industries and in higher-paying occupations. What this change means to workers is that a strong back and willingness to work hard are not enough to guarantee a productive working life. Education -- basic skills in reading, math, communication -- is increasingly necessary for entry level jobs and, certainly, for making progress up the ladder of success. Workers have to be able to change jobs more

frequently than they did in the past, and they will need those basic skills to be considered for and to learn new jobs.

Employers, too, recognize the need for more educated workers. Many businesses are leading the national campaign for literacy and excellence in education. The American Society for Training and Development estimates that business spends $30 billion a year on formal training for employees and another $180 billion on informal or on-the-job staff development.

How should government's role change? Not much. Government needs to keep the playing field level, for example, by strong enforcement of our laws to prohibit discrimination and by continuing to support second chance programs that are proven and can be targetted efficiently just on those who need help to have a fair shot at life, like HeadStart, Chapter 1 education assistance and the Job Training Partnership Act. This is the starting point. Through these programs, more emphasis must be placed on youth at risk, and particularly basic skills -- reading, writing, math, and communication. And the government can work with labor and industry to make sure that certain individuals do not unfairly bear the burden of national adjustment to a changing economic picture.

But let's remember how important it is to limit government's role. The crucial ingredient in America's response to the changing economy is individual initiative and energy.

2. Do you think the Federal government should expand its role in employment and training?

This question is an extension of the first, and it is obvious that my answer is a resounding "No."

3.a. What are the most effective ways to generate private sector interest in employment and training?

The private sector is naturally interested in employment and training because that is the resource by which they do business. As I said earlier, the private sector is the overwhelmingly dominant actor in creating American jobs and conducting training for American workers.

If we turn our attention to generating private sector interest in public employment and training programs, my number one recommendation would be for a major private sector awareness campaign. Business people cannot participate in a program, or hire its "products," if they do not know it exists. In the National Alliance of Business's recent survey of private industry council chairpeople, there was a direct correlation between program performance and the PIC's emphasis on marketing. The Commission recently held four regional meetings with representatives of most State Job Training Coordinating Councils across the country, and the message was the same: "Marketing is a must."

Finally, let me point to a key element of the design of the Job Training

Partnership Act. The private sector is involved, appears to be staying involved, and gives enormous credibility to JTPA. To enlist and keep this support, JTPA gave private sector representatives both authority and a clear objective defined in terms of a bottom line, i.e. performance standards.

3.b. Can the private sector generate employment even within current budget constraints?

First, we must address the issue of budget constraints, because this represents an assumption that businesses are controlled by the government. This could not be further from the truth. Certainly, business is affected by government regulation and taxation; but the question implies much too direct a relationship between the government's failure to budget its resources and businesses' generation of productive jobs.

The American private sector's generation of new jobs is the envy of our European allies. Assuming only moderate economic growth, the Bureau of Labor Statistics projects a gain of nearly 16 million jobs from 1984 to 1995, resulting in total U.S. employment of almost 123 million. The growth rate for civilian employment during the first three and a half years of the current economic expansion has been a healthy ten percent. This period of expansion has followed a traditional pattern of robust growth during the first two years after the recession followed by steady but slower growth in the numbers of jobs. "Employment continued to rise at a steady, though unspectacular, pace in the first six months of 1986," according to BLS.

Despite the excellent job creation of the American economy, we do need to be concerned about possible mismatches between people and jobs. Some center cities and some declining rural areas are particularly vulnerable. But there is no question that, overall, the private sector is creating jobs at a very healthy pace.

3.c. Might there be a need for some level of public service employment?

No. Federally funded public jobs programs have been discredited. Moreover, when the Federal funds run out or Federal program priorities change, these people are again unemployed. They have not been trained to be self-sufficient.

Very limited and carefully conceived subsidized employment can be used, and is being used, for special target groups as part of a broader strategy of working toward self-sufficiency. For example, work-welfare efforts like California's GAIN program make use of subsidized employment as part of an effort to eliminate welfare dependency. JTPA permits very limited subsidized employment in the public sector when it is combined with job training and/or remediation. Some areas, like Baltimore, combine public resources with private donations to create public jobs tied to training or development activities. Such efforts clearly meet a need, but they do not justify the creation of a massive Federal jobs program. Employment and training programs must concentrate on real training for real jobs.

U.S. Department of Labor

Employment and Training Administration
450 Golden Gate Avenue, Box 36084
San Francisco, California 94102

20 OCT 1986

Reply to the Attention of: 9-TC

Honorable Matthew G. Martinez
House of Representatives
518 House Office Building Annex #1
Washington, D.C. 20515

Attn: Bruce Packard
Legislative Assistant
Subcommittee on Employment Opportunities

Dear Congressman Martinez:

Enclosed are my comments pertaining to the public hearing on "Public/Private Ventures in Employment and Training" as requested in Bruce Packard's memo of September 25, 1986.

Sincerely,

Don A. Balcer
Regional Administrator

Enclosure

Question 1:

In regards to employment and training, how do you see the role of governments changing in response to economic shifts away from basic industry?

Response:

While total employment has risen in recent years -- by 2 million in the past year alone -- there has been a differential impact on different sectors of the economy and this is expected to continue. Current labor market trends indicate that over the next 15 years jobs will continue to shift from the goods-producing to the service sector. Geographic, regional and occupational shifts in employment also can be expected, and there will undoubtedly continue to be shutdowns and worker dislocations in some of the older industries.

With respect to employment and training, the role of governments in responding to these shifts has been and will continue to be to help those adversely impacted by the shifts adapt to the changing economy and to assist them in preparing for and obtaining new employment. The Unemployment Insurance system provides temporary income support for workers while they are searching for new jobs. The Trade Act provides job search assistance, retraining, relocation allowances, and additional weeks of income support to those who are certified as being adversely impacted by foreign trade. The Dislocated Worker Program under the Job Training Partnership Act provides retraining, job search and relocation assistance to workers who have been dislocated due to layoffs or plant closings, regardless of the cause.

We believe that the Federal Government can play a constructive role regarding the trends in the economy and labor force -- by both gathering information and stimulating awareness and discussion in various sectors. The Employment and Training Administration has launched a major research/analytic effort on Work Force 2000, analyzing economic, demographic, and societal trends and their impact on the labor force through the end of this century. As a part of an informational effort, earlier this year the Department conducted a Youth 2000 conference to discuss and publicize the impact of these trends on youth. We also will be conducting followup conferences on youth.

In the future, in each affected community, the public sector, in partnership with business, labor and other institutions (such as higher education) will need to develop creative, coordinated and flexible approaches to the economic shifts that will affect them. Government programs such as those under the Job Training Partnership Act, are a major resource for local communities to use in adapting to these shifts.

Question 2:

Do you think the Federal Government should expand its role in employment and training?

Response:

Under the Job Training Partnership Act we believe that we have set the correct balance between the Federal Government and State and local governments, and between the public and private sectors. The issue is how each of the partners in the system can best utilize limited resources. At the Federal level, we are attempting to better coordinate with other Federal programs and agencies, to more effectively utilize Federal dollars. We also are attempting to alert business, labor, education, and others to the need to invest now to meet the future needs of the labor market, through illiteracy prevention and remediation, skill training and upgrading, and "lifelong" learning.

Question 3:

What are the most effective ways to generate private sector interest in employment and training? Can the private sector generate employment even within current budget restraints? Might there be a need for some level of public service employment?

Answer:

A fundamental, underlying principle of the Job Training Partnership Act is that private sector involvement in training and employment can be assured best by actively involving business representatives at the local and State levels, in decisionmaking on major aspects of the program. We believe that faith in this principle has been justified. Thousands of business volunteers now serve on Private Industry Councils, which have major responsibility for the planning, design, operation, and oversight of JTPA programs. Additional private sector volunteers serve at the State level on State Job Training Coordinating Councils. Business involvement in decisionmaking means that JTPA training will be better tailored to meet the real needs of the private sector in the Service Delivery Area.

At the national level, the Department of Labor has made a concerted effort to actively involve the private sector through participation in forums such as the Youth 2000 Conference, jointly sponsored by the National Alliance of Business and the Departments of Labor and Health and Human Services, and through frequent meetings and consultations of Department of Labor officials with both individuals and organizations representing the private sector.

We have no reason to believe that the private sector will not continue to generate employment, despite current budgetary constraints. In the last year alone approximately 2 million new jobs have been created.

Current demographic trends, such as the slowing rate of growth of the labor force, indicate that there are likely to be sufficient jobs in the future for all those who have the requisite education and skills to qualify for them. We believe that it is better to use training and employment resources to educate, train, and otherwise equip economically disadvantaged and displaced workers for the jobs we know will exist than on creating subsidized jobs in the public sector.

Attachment to Letter to Mr. Bruce K. Packard
Legislative Assistant, Committee on Education and Labor
Subcommittee on Employment Opportunities

Question #1:

Do you anticipate being affected by the future shortage of skilled and semi-skilled entry level workers? If so, how do you plan to adapt your training programs to meet this shortfall?

Answer:

Currently, we have many candidates for our job openings and, as a result, can select well qualified employees. We do not anticipate a major problem filling entry level jobs in the future. We work closely with high schools, colleges, and universities to develop programs that will produce qualified candidates. Our assistance includes contributions, loaned faculty personnel, funding of joint projects/studies, and cooperative education programs.

IBM currently has a tuition refund plan that reimburses employees for management approved education courses. Many of our large sites offer voluntary gratis education programs to their employees. These programs offer courses to help employees address personal development needs such as communications and interpersonal skills.

Question #2:

What are the greatest obstacles to expansion of your training programs? What would you like the public sector to do to remove those obstacles?

Answer:

With regard to IBM's support of community training programs for the disadvantaged, the main barrier to expansion is the availability of private sector support to non-profit community based organizations administering programs.

As our testimony demonstrated, we believe private sector involvement is an essential element in helping communities address the unemployment problem. Adequate support from both the private and public sector is necessary to address this issue.

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Question #3:

Do you think that your examples of successful programs could be implemented on an industry-wide basis? If so, which components?

Answer:

One of the problems facing industry in the future is the anticipated shortage of people with requisite job skills. Companies can support training programs teaching skills in which they have expertise and where jobs are available.

In addition to job specific technical skills, other components that should be incorporated into these training programs include basic english, math, reading, communications skills, interpersonal skills, time management, job search skills, "Dressing for Success", interviewing techniques, and a "World of Work" perspective.

Question #4:

Why have your programs succeeded where others have failed?

Answer:

Our job training program is a partnership with a community based organization, other companies and the public sector. The community based organizations that administer the centers solicit support from their local business communities. Operating funds come from both the private and public sector. Business advisory committees determine the job skills to be taught based on their community's labor market needs.

The programs have measurable performance objectives. The goal is results, not just good intentions.